ACCOUNTS COMMISSION ✓

472nd meeting of the Accounts Commission for Scotland

Thursday 8 October 2020, 9.30am
& Thursday 22 October 2020, 9.30am

by video conference

NB: This meeting will take place over two separate days
(* This item will be considered on 22 October)

Agenda

1. **Apologies for absence**

2. **Declarations of interest**

3. **Order of business**

   The Chair seeks approval of business, including proposing taking items 10 to 16 in private (** see note).

Business requiring decisions in public

4. **Minutes of meeting of 10 and 24 September 2020**

5. **Audit Scotland Board update**

   Report by the Secretary.

6. **Best Value Assurance Report: Aberdeenshire Council**

   Report by the Controller of Audit.

Business for information in public

7. **Secretary's update report**

   Report by the Secretary.

8. **Interim Chair's update report**

   Report by the Interim Chair.

9. **Controller of Audit's update report**

   Report by the Controller of Audit.

Business requiring decisions in private

10. **Best Value Assurance Report: Aberdeenshire Council**

    The Commission will decide its action for item 6.

11. **Interim report on mainstreaming equality**

    Report by Chair of Audit Scotland Equalities and Human Rights Steering Group

12. *** Planning guidance 2020/21**

    Report by the Secretary.

13. **Ethical Standards Commissioner consultation - Code of Practice for Ministerial Appointments to Public Bodies in Scotland**

    Report by the Secretary.

14. *** Best Value Working Group update**

    Report by the Secretary.

15. **Audit appointment extension confirmation**

    Report by the Associate Director, Audit Quality and Appointments.

<p style="text-align:center;color:blue;">Business for information in private</p>

16. *** New audit appointments update**

    Report by the Interim Chair.

<p style="text-align:center;color:blue;">Any other business</p>

17. **Any other business**

    The Chair will advise if there is any other business to be considered by the Commission.

** It is proposed that items 10 to 17 be considered in private because:

- Item 10 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the appropriate council of its decisions, which the Commission does before making the decision public.

- Item 11 requires the Commission to discuss confidential staffing matters.

- Item 12 requires the Commission to discuss confidential policy matters.

- Item 13 proposes a draft response to a consultation exercise which the Commission is to consider before publishing.

- Item 14 requires the Commission to discuss confidential policy matters.

- Item 15 requires the Commission to consider confidential commercial and contractual matters.

- Item 16 requires the Commission to consider confidential commercial and contractual matters.

- Item 17 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Interim Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The following papers are enclosed for this meeting:

Agenda item	Paper number
Agenda item 4: Minutes of meeting of 10 and 24 September 2020	AC.2020.9.1
Agenda item 5: Report by the Secretary to the Commission	AC.2020.9.2
Agenda item 6: Report by Controller of Audit	AC.2020.9.3
Agenda item 7: Report by Secretary to the Commission	AC.2020.9.4
Agenda item 8: Report by Interim Chair	AC.2020.9.5
Agenda item 9: Report by Controller of Audit	AC.2020.9.6
Agenda item 11: Report by Chair of Audit Scotland Equalities and Human Rights Steering Group	AC.2020.9.7
Agenda item 12: Report by Secretary to the Commission	AC.2020.9.8
Agenda item 13: Report by Secretary to the Commission	AC.2020.9.9
Agenda item 14: Report by Secretary to the Commission	AC.2020.9.10
Agenda item 15: Report by Associate Director, Audit Quality and Appointments	AC.2020.9.11
Agenda item 16: Report by Interim Chair	AC.2020.9.12

MEETING: 8 OCTOBER 2020

MINUTES OF PREVIOUS MEETING

Minutes of the 471st meeting of the
Accounts Commission held via online meeting
on Thursday 10 and 24 September 2020, at 9.30am.

PRESENT: Elma Murray (Chair)
Andrew Burns
Andrew Cowie
Sophie Flemig
Christine Lester (24 September only)
Tim McKay
Stephen Moore
Sharon O'Connor
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission (24 September only)
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Aileen Campbell, Auditor, PABV (Items 7 and 15)
Bruce Crosbie, Senior Audit Manager, Audit Services (Items 7 and 15)
Zahrah Mahmood, Senior Auditor, Audit Services (Items 7 and 15)
Fiona Mitchell-Knight, Audit Director, Audit Services (Items 7 and 15)
Mark Roberts, Audit Director, Audit Services and PABV (Items 10 and 18)
Richard Smith, Senior Audit Manager, Audit Services (Item 7 and 15)
Mark Taylor, Audit Director, Audit Services (Item 10)
Rikki Young, Business Manager, PABV (Item 9)

Item Subject

1.   Apologies for absence
2.   Declarations of interest
3.   Order of business
4.   Minutes of meeting of 13 August 2020
5.   Minutes of Financial Audit and Assurance Committee of 27 August 2020
6.   Minutes of Performance Audit Committee of 27 August 2020
7.   Best Value Assurance Report: Dundee City Council
8.   * Committee update
9.   Work programme update
10.   Financial devolution and constitutional change update
11.   Secretary's update report
12.   Interim Chair's update report
13.   Controller of Audit's update report
14.   Audit Scotland Board update
15.   Best Value Assurance Report: Dundee City Council
16.   Commission support review
17.   * Best Value Working Group update
18.   * Strategic Scrutiny Group update

* These items were considered on 24 September.

1. <u>Apologies for absence</u>

   It was noted that apologies had been received from Christine Lester (10 September only) and Sheila Gunn.

2. <u>Declarations of interest</u>

   The following declarations of interest were made in relation to items 7 and 15:

   - Andrew Cowie as a former Chief Officer in Police Scotland.

   - Geraldine Wooley as a member of the Scottish Housing and Property Chamber.

3. <u>Order of business</u>

   It was agreed that items 15 to 18 be considered in private because:

   - Item 15 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the appropriate council of its decisions, which the Commission does before making the decision public.

   - Item 16 is likely to require consideration of policy matters in relation to staff terms and conditions.

   - Items 17 and 18 require the Commission to discuss confidential policy matters.

4. <u>Minutes of meeting of 13 August 2020</u>

   The minutes of the meeting of 13 August 2020 were approved as a correct record.

   Arising therefrom, the Commission noted advice from the Chair on correspondence between the Chair of Audit Scotland Board and the previous Chair of the Commission relating to minutes of Audit Scotland Board earlier in the year, and agreed that the matter was now closed.

5. <u>Minutes of meeting of Financial Audit and Assurance Committee of 27 August 2020</u>

   The minutes of the meeting of the Financial Audit and Assurance Committee of 27 August 2020 were approved as a correct record.

6. <u>Minutes of meeting of Performance Audit Committee of 27 August 2020</u>

   The minutes of the meeting of the Performance Audit Committee of 27 August 2020 were approved as a correct record.

7. <u>Best Value Assurance Report: Dundee City Council – Controller of Audit report</u>

   The Commission considered a report by the Secretary presenting the Controller of Audit's Best Value Assurance Report for Dundee City Council.

   The Commission raised several questions and points of clarification from the Controller of Audit on his report in the following areas:

   - Political and officer leadership; the impending retirement of the current Chief Executive; and committee structures and governance.

   - Workforce planning in relation to the council's capacity to manage its aspirations

- Performance of services and the Council's use of comparators and its approach to improvement

- Regeneration work (including the City Deal) and its impact on poverty

- Children's services, including education attainment

- Sustainability of the integration joint board; progress of the Drugs Partnership; links to mental health; and associated risks

- The Council's use of long-term financial planning

- Capital investment; options appraisal; gateway reviews

Following discussion, the Commission agreed to consider in private how to proceed.

8. * Committee update

The Commission considered a report by the Secretary proposing a review of the Commission's committees.

Following discussion, the Commission agreed:

- That Tim McKay assume the Chair of Financial Audit and Assurance Committee (FAAC) and Christine Lester assume the Chair of the Performance Audit Committee (PAC)

- The proposal to review the Commission's committees, to be led by a working group convened by the Interim Deputy Chair and comprising the PAC Chair and former FAAC Chair

- The proposed change to the committee meeting schedule for the rest of 2020

Actions: Secretary

- To note advice from the Chair that she would be reviewing the Commission's working groups, including how the Commission reviews terms of reference on a regular basis, upon which she would report to the Commission.

Action: Interim Chair

9. Work programme update

The Commission considered a report by the Director of PABV providing an update on the Commission's work programme.

During discussion, the Commission:

- agreed the short-term work programme proposals over the next 12 months

Action: Director of PABV

- noted that the Annual Planning Guidance would be considered at the October Commission meeting

Action: Secretary

- agreed to consider further at future meetings the risks associated with the Covid-19 pandemic as outlined in Appendix 2 of the report and noted that Audit Scotland will reflect on this in future work programme refresh proposals.

Action: Secretary and Director of PABV

Following discussion, the Commission noted the report.

10. Financial devolution and constitutional change update

The Commission considered a report by the Audit Director, Audit Services, providing an update on key developments surrounding financial devolution and constitutional change.

During discussion, the Commission:

- Noted references in the report to the Scottish Crown Estate Act in line with the Commission's previous interest in the matter.

- Noted that the Commission will receive a six-monthly update on the Scottish budget.

Action: Director of PABV

Following discussion, the Commission noted the report.

11. Secretary's update report

The Commission considered a report by the Secretary providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

The Commission:

- Noted advice from the Secretary that in line with the approach agreed with Commission members as part of new business arrangements in the light of the Covid-19 emergency, members comments on his report had been sought in advance of the meeting.

- Noted further advice from the Secretary, in response to a query from Geraldine Wooley, on the Scottish Government's '20-minute neighbourhood' initiative.

- Agreed in relation to paragraph 11, to convey its congratulations to Adam Haahr, Marta Kuźma, Sobhan Afzal and Wojciech Kuzma, who were named in the 2020 ICAS (the Institute of Chartered Accountants of Scotland) Top 100 Young Chartered Accountants list.

Thereafter, the Commission agreed to note the report.

12. Interim Chair's update report

The Commission considered a report by the Interim Chair providing an update on recent and upcoming activity.

The Commission agreed to note the report

13. Controller of Audit's update report

The Commission considered a report by the Controller of Audit providing an update on recent and upcoming activity.

The Commission agreed to note the report.

14. Audit Scotland Board update

The Commission considered a report by the Secretary providing an update on the business of the Audit Scotland Board.

Arising therefrom, the Commission:

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- Noted the inclusion of Audit Scotland's internal interim report on mainstreaming equality.

- Agreed that future Board papers be provided on the Member SharePoint as timeously as possible.

Action: Interim Chair and Secretary

Thereafter, the Commission agreed to note the report.

15. Best Value Assurance Report: Dundee City Council – Commission decision (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance Report for Dundee City Council.

Following discussion, the Commission agreed to make findings to be published on 29 September.

16. Commission support review

The Commission considered a report by the Interim Chair providing the report of the review of support for the Accounts Commission.

Following discussion, the Commission agreed to:

- Accept the report

- Progress the recommendations and conclusions, in conjunction with Audit Scotland as appropriate.

Action: Interim Chair and Secretary

17. * Best Value Working Group update

The Commission considered a report by the Secretary providing an update on the work of the Best Value Working Group.

Arising therefrom, the Commission:

- Endorsed the conclusions of the Best Value Working Group, and in particular:

  o To affirm several principles in relation to Best Value, namely:

     ▪ To underline the Commission's commitment to the importance of Best Value as a basis for providing public assurance on local government as it deals with and recovers from Covid-19

     ▪ Consequently, to reaffirm a commitment to the integrated audit, with the annual financial audit at the core complemented by the annual reporting of Best Value in each council

     ▪ To reaffirm a commitment to the principle of reporting Best Value in health and social care integration joint boards (IJBs)

     ▪ To consider how financial sustainability of audited bodies may impact on this reporting

     ▪ To reaffirm a commitment to developing such an approach to auditing Best Value within current audit fees, subject to

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reviewing the impact of the state of the audit market on the current audit model

- o Noting the imminent need for further engagement with stakeholders around the Code of Audit Practice, including further consultation with audit firms and audited bodies.

- o To proceed with the schedule of Year 5 Best Value Assurance Reports (i.e. Shetland Islands, Eilean Siar, East Dunbartonshire, South Ayrshire, Angus and Aberdeen City councils) and with a scheduled report on Falkirk Council from year 4, but that reporting could be done over years 5 and 6 of the current extended audit appointments.

- o Noting that the Commission would be giving further consideration to auditing Best Value in IJBs and in smaller bodies.

- Agreed that the Best Value Working Group consist of the Commission Chair, Deputy Chair, PA Committee Chair, previous FAA Committee Chair (Pauline Weetman) and Geraldine Wooley.

- Agreed the terms of reference for the Best Value Working Group as proposed in the paper, subject to regular review by the Commission.

Actions: Secretary

The Commission agreed to note the report.

18. <u>Strategic Scrutiny Group update</u>

The Commission considered a report by the Audit Director, Audit Services and Performance Audit and Best Value, providing an update on the work of the Strategic Scrutiny Group.

During discussion, the Commission:

- Noted advice from the Audit Director that he was collating responses from Group members on their position in relation to Covid-19, upon which he would report further to the Commission.

Action: Audit Director, Audit Services and Performance Audit and Best Value

- Noted advice from the Chair that the Group would be taking forward work on inequalities, upon which she would report further to the Commission.

Action: Interim Chair

The Commission agreed to note the report.

<u>Close of meeting</u>

The meeting closed at 1.00pm on 10 September and at 10.30am on 24 September.

ACCOUNTS COMMISSION ✓

MEETING: 8 OCTOBER 2020

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

1. This report provides an update on the business of the Audit Scotland Board.

Background

2. Audit Scotland is established in statute to "provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions".[1]

3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members. [2] These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.[3]

4. As well as being a member of Audit Scotland's Board, the Commission Chair is also a member of its two committees, the Audit Committee and the Human Resources and Remuneration Committee.

5. In *Public Audit in Scotland[4]*, the Commission, the Auditor General and Audit Scotland set out how they together deliver public audit in Scotland. They state that "by working together and each fulfilling our distinct roles, the Auditor General, the Accounts Commission and Audit Scotland will ensure a strong system of public audit works to support transparency and promote improvement in the performance of public bodies."

6. To this end, the Commission at its meetings considers for its interest the business of Audit Scotland Board.

Current Board business

7. This report provides the Commission with the latest available minutes from the meeting of the Audit Scotland Board, in this case the meeting of 19 August 2020. They are attached in Appendix 1.

8. The most recent meeting of the Board was on 30 September 2020, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the Board. This will be available after the next Board meeting on 25 November and considered by the Commission at its December meeting.

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[1] Public Finance and Accountability (Scotland) Act 2000, Section 10(3).
[2] Public Finance and Accountability (Scotland) Act 2000, Section 10(2).
[3] The Scottish Commission for Public Audit was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs. Its main areas of responsibility are to (a) examine Audit Scotland's proposals for the use of resources and expenditure and report on them to the Parliament; (b) appoint an auditor to audit the accounts of Audit Scotland; (c) lay these accounts and auditor's report before the Parliament; and (d) appoint three of the five members of Audit Scotland's Board, including its Chair.
[4] *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

9. The Commission has agreed however that the agenda for the most recent Board meeting be provided (even if the minute is not yet available). The agenda is attached in Appendix 2. The Chair will provide a verbal update on any relevant business for members' interest and invites questions from members to this end.

Conclusion

10. The Commission is invited to consider this update for its interest and seek further information from the Chair as appropriate.

Paul Reilly
Secretary to the Commission
30 September 2020

Minutes

Wednesday 19 August 2020, 10.00am

Audit Scotland by Videoconference

AUDIT SCOTLAND

Present:

Alan Alexander (Chair)
Stephen Boyle
Heather Logan
Elma Murray
Jackie Mann

Apologies:

Martin Walker, Associate Director, Corporate Performance and Risk

In attendance:

Diane McGiffen, Chief Operating Officer
Gayle Fitzpatrick, Corporate Governance Manager
David Blattman, HR&OD Manager
Stuart Dennis, Corporate Finance Manager
Brian Howarth, Audit Director, Audit Services
Fiona Kordiak, Director, Audit Services
Fraser McKinlay, Director, Performance Audit and Best Value
Colin Crosby, Non-executive board member designate (Observing)

1.   Welcome and apologies

The Chair welcomed Stephen Boyle, Auditor General for Scotland to his first Board meeting in his new role and Elma Murray in her new role as Interim Chair of the Accounts Commission. The Chair also welcomed Jackie Mann, new member of the Board from 10 July 2020, and Colin Crosby, new member of the Board from 1 October 2020, who had been invited to observe today's meeting.

The Chair advised of apologies received from Martin Walker, Associate Director, Corporate Performance and Risk, due to a family bereavement and members extended their condolences.

The Chair thanked members for accommodating today's additional meeting of the Board to consider Audit Scotland's response to the impact of Covid-19.

2.   Declarations of interest

There were no declarations of interest.

3.   Chair's report – verbal update

The Chair advised of meetings and discussions with the Scottish Commission for Public Audit (SCPA) in relation to the recruitment of Board members as well as initial induction meetings with both new members Jackie Mann and Colin Crosby. The Chair also advised the Board of the useful evidence session with the SCPA to consider Audit Scotland's Annual report and accounts on 22 June 2020.

Alan invited members to note regular meetings with Diane McGiffen, Chief Operating Officer in relation to the preparation for the session with the SCPA, member recruitment and induction and with David Blattman, HR & OD manager. He noted that the the annual report of Remco

performance and priorities will come to the next meeting of the Board on 30 September 2020, and that Jackie Mann had agreed to chair the Remco.

Alan also advised members of his own Chair's induction programme which had involved meeting with members of Management Team, Stuart Dennis and the scheduling of ongoing monthly meetings with Stephen Boyle as Accountable Officer, and Diane McGiffen.

The Board welcomed the update.

4.   Accountable Officer's report – verbal update

Stephen Boyle advised he was delighted to be attending his first Board meeting as Accountable Officer and Auditor General for Scotland, he extended a warm welcome to Elma Murray and Jackie Mann to their first formal Board meetings. Stephen advised of initial meetings with both and one planned shortly with Colin Crosby. Stephen advised of meetings with Elma Murray to discuss their shared roles and responsibilities, as recipients of services from Audit Scotland, and also to discuss how public audit responds to the challenges arising from the current operating environment.

Stephen recorded his thanks for the support for his own induction, particularly from Diane McGiffen, Fraser McKinlay and Fiona Kordiak as members of Management Team and advised of meetings with colleagues from across Audit Scotland since his appointment.

Stephen highlighted the impact of Covid-19 on the fundamental shape of work and personal lives and welcomed today's discussions on how Audit Scotland responds to the challenges for the future of public audit in Scotland.

Stephen advised of a range of external introductory meetings as Auditor General for Scotland: with the Cabinet Secretary for Finance, the Chair of the Scottish Government Audit and Assurance Committee and the Chief Executive of the Scottish Parliament. Stephen advised that he had attended the Public Audit and Post Legislative Scrutiny Committee (PAPLS) for the first time as Auditor General for Scotland. He invited members to note that this had been a private session with the Committee at which he had welcomed the opportunity to introduce himself as the new Auditor General and also to hear their areas of interest. Stephen advised that the PAPLS had restated its commitment to, support for and the value of the work received from Audit Scotland.

Stephen advised of initial considerations underway on the forward work programme for the Auditor General and Accounts Commission in advance of formal consultation to help shape the public audit response.

Stephen advised that Audit Scotland's Management Team had met with the Audit Partners on 17 August 2020 and discussed the experience of deliverability of public audit in light of the pandemic. He advised that the experience of the audit firms is similar to that of Audit Scotland: managing the wellbeing of colleagues, understanding the challenges of delivering audit work remotely and awareness of what this means for the current and longer term financial implications for public audit.

Stephen reported that annual audit work is progressing variably, with some audits in the NHS and Central Government completed but with others taking longer as audited bodies face challenges to meeting audit deadlines. He also drew attention to the potential impact on fee income and statutory reporting deadlines which may lead to a delay in the certification of the Scottish Government's consolidated accounts.

Stephen advised that Management Team and the Incident Management Team have rightly prioritised the wellbeing of our colleagues and that Audit Scotland offices have remained closed since March 2020, with colleagues working from home. He noted colleagues' experiences had been varied depending on their own circumstances, particularly those with caring responsibilities and those in shared housing. He went on to note that as progress on the Scottish Government's routemap is achieved, Audit Scotland is looking at how to provide some limited access to Covid-secure offices in exceptional circumstances.

Stephen advised of his appreciation and support from colleagues and teams from across the organisation in the past few weeks and paid tribute to their resilience in delivering quality audit work.

The Chair asked about the impact of remote auditing. Stephen advised that where bodies had been less able to invest in IT to support remote working there were challenges, but that this varied between organisations. Stephen advised that auditors and audited bodies have responded well generally and audit teams are liaising as appropriate to track and monitor those risks.

Following discussion, the Board welcomed the update.

5. Accounts Commission Chair's report – verbal update

Elma Murray welcomed Jackie Mann and Colin Crosby to the Board.

Elma advised that the previous Chair of the Accounts Commission had retired at the end of July and that Scottish Ministers have now appointed Tim Mackay as the Interim Deputy Chair.

Elma advised that the Accounts Commission had published four reports since the last meeting, an Equal Pay in Councils Impact Report, the Local Government Overview: Performances and Challenges for 2020 Report, a Best Value Report on North Ayrshire Council and the Commission's Annual Report for 2020.

Elma advised that the Accounts Commission held its strategy session on 12 August 2020 with the Auditor General for Scotland as the keynote speaker. She advised that the session also considered the key messages from the Accounts Commission support review which will be taken to the Remuneration and Human Resources Committee meeting on 2 September 2020. She advised that the Commission is exploring its core purpose and focus over the coming months and reviewing its immediate work programme with further discussion at its meeting on 10 September 2020, together with consideration of the longer term work programme. Elma advised that the Commission is creating an Insight Programme to invite external stakeholders to share their experiences and challenges arising from the Covid-19 pandemic. Elma expressed appreciation for the work of Audit Scotland colleagues in supporting the strategy session.

Elma also advised members of recent meetings with the Auditor General for Scotland, Alan Alexander and Jackie Mann as part of her induction programme.

Elma invited members to note the work underway with Audit Scotland colleagues to explore the Accounts Commission's future approach to the Local Government Overview reports and advised she will be attending the Local Government and Communities Committee on 28 August 2020 to give evidence on the Local Government Overview Report published at the beginning of July 2020 and also to talk about emerging risks from Covid-19 for audit practice.

Elma advised she has also been working with the team taking forward the new audit appointments to consider how to develop the Code of Audit Practice further and that this was progressing very well.

In terms of external engagement, Elma advised of meetings with COSLA, the Improvement Service, SOLACE, The Carnegie Trust and SCVO, highlighting the importance of strong relationships with the Commission and opportunities for further engagement, including critical areas for local government and IJBs and partners as they emerge from the pandemic. She also advised of Best Value reports on North Ayrshire and Moray Councils and follow up discussions with Argyll and Bute Council.

Elma noted that the Commission is keen to return to meeting in person when that is possible.

Finally, Elma expressed her thanks to Audit Scotland colleagues for their support since her appointment.

The Board welcomed the update.

6. Review of minutes: Board meeting 1 June 2020

The Board considered the minutes of the meeting of 1 June 2020, which had been previously circulated.

The Chair invited any comments and, there being none, the Board approved the minutes as an accurate record of the meeting.

7. Governance arrangements: Review of Standing Orders

Gayle Fitzpatrick introduced the Governance arrangements: Review of Standing Orders paper, copies of which were previously circulated.

Gayle invited the Board to confirm that its meetings will continue to take place via videoconference and that attendance is limited to members and those presenting reports and that the variations to the Standing Orders are kept under review and considered at each Board meeting until further notice. Gayle also invited the Board to note than the annual review of the corporate governance policies were scheduled to come to the Audit Committee on 2 September 2020 and the Board on 30 September 2020.

The Board discussed and agreed that the governance arrangements for virtual Board members remain in place and members agreed the ability to open up meetings to the public should be considered further as part of the annual review of the corporate governance policies to ensure inclusivity, openness and transparency. Diane McGiffen agreed to report back to the Board at its next meeting on the options available.

Following discussion, the Board approved the recommendations.

Action ASB18: **Diane McGiffen to report back on the options available to support public meetings of the Board. (September 2020)**

8. Review of action tracker

The Board noted the updates provided on the action tracker.

Gayle noted that the wider scope governance review was originally scheduled to come to the Board on 30 September 2020 (Action ASB114), but suggested that with new members joining the Board this be rescheduled to the Board meeting scheduled for 25 November 2020. The Board recognised the value of new members having the opportunity to complete their respective induction programmes and participate in meetings prior to the review and following discussion agreed that this would come to its meeting in November 2020.

Elma Murray requested sight of the Chair's letter to the Chair of the Scottish Commission for Public Audit referred to at Action ASB116 and the Chair agreed to share a copy of the letter with Board members.

Action ASB19: **The Chair to share a copy of the letter to the Chair of the Scottish Commission for Public Audit. (August 2020)**

9. Covid-19 update

David Blattman, HR and OD Manager, Stuart Dennis, Corporate Finance Manager, Fraser McKinlay, Director, Performance Audit and Best Value, Brian Howarth, Audit Director and Fiona Kordiak, Director, Audit Services, joined the meeting.

Diane McGiffen introduced the Covid-19 update report, copies of which had been previously circulated.

Diane welcomed the opportunity to discuss Audit Scotland's response to Covid-19 with the Board given the fast moving nature of the pandemic and provided a summary of the known operational issues for Audit Scotland. She invited the Board to consider some of the short term issues and future implications and risks highlighted.

The Chair welcomed the comprehensive report and invited members' questions and comments.

During a detailed and wide ranging discussion the Board considered the changing dynamics of the pandemic following the easing of restrictions for some, new local restrictions being put in place for others, increased flexibility for colleagues who have children returning to school alongside increased risks in other areas.

The Board welcomed Audit Scotland's primary focus on the health, safety and wellbeing of colleagues, the support provided for colleagues through the provision of technical support and equipment, the implementation of home workplace assessments and commended the engagement and communication from Audit Scotland's Management Team. Members also welcomed the work being undertaken by a working group to consider the logistics and limitations of reopening offices to ensure a Covid secure workspace for a small number of colleagues, subject to strict criteria and the appropriate risk assessments being undertaken. David Blattman agreed to provide a note on health and safety responsibilities of home working for information and also to share the link to the homeworking assessment tool. Diane McGiffen advised this work will help inform the considerations on new ways of working as an audit organisation and that further updates will come to the Board as the work progresses. The Board agreed this should be standing agenda item for future meetings of the Board and Remuneration and Human Resources Committee .

The Board noted that Audit Scotland recognises the challenges facing public bodies and the services they provide and the role of audit in scrutinising good financial management and sound decisions on the use of public money. Members also noted recent Covid-19 briefings published by Audit Scotland and considered the need to continue to consider the requirements of best practice in the longer term.

The Board discussed the impact of the pandemic on Audit Scotland's budget for 2020/21, the potential for a Spring Budget Revision being proposed and agreed a further early discussion on the longer term impact on funding was required in order to address issues for future budget years, given the small contingency budget Audit Scotland has together with no ability to hold reserves.

In terms of resourcing and the impact of the rescheduling of audit reporting deadlines, Diane McGiffen advised of work underway on the short and longer term workforce plan and advised that this would feed into the resourcing needs and budget requirements for 2021/22. Fiona Kordiak and Fraser McKinlay advised the respective resource leads in the audit business groups had been working together to redirect resource where required and colleagues had adapted well over all. The Board noted the consultation of the forward work programme was underway with the Auditor General for Scotland and Accounts Commission.

Turning to audit implications and the qualification of accounts, Fiona Kordiak provided an update on the current position and the Board noted that work was underway to consider where Section 22 and Section 102 reports may be required.

Elma Murray welcomed the comprehensive report and discussion by the Board and advised the Accounts Commission would value a session to understand some of the issues arising for Audit Scotland in the medium and longer term. The Chair proposed a consultation be scheduled between himself, Stephen Boyle, Elma Murray and Diane McGiffen in the first instance to consider how best to progress some of the issues discussed today and likely timescale. The Board agreed this was an important first step.

Following discussion, the Board noted the recommendations and actions taken and agreed next steps.

Action ASB20:   **The Board agreed a standing item on Covid secure workplaces and new ways of working be scheduled for future meetings of the Board and Remco.**

Action ASB21:   **David Blattman to circulate a link to the link to the workplace assessment tool. (September 2020)**

Action ASB22:   **Diane McGiffen to schedule a meeting with the Chair, Stephen Boyle and Elma Murray. (September 2020)**

David Blattman, HR and OD Manager, Fraser McKinlay, Director, Performance Audit and Best Value, Brian Howarth, Audit Director and Fiona Kordiak, Director, Audit Services, left the meeting.

11. Q1 Financial performance report

Stuart Dennis introduced the Q1 Financial performance report, copies of which had been previously circulated.

Stuart invited the Board to note the complex issues considered in the previous report were reflected in the in-year financial position for Audit Scotland and the need for a Spring Budget Revision proposal. He advised that this mechanism has typically been used in relation to the non-cash pension adjustments each year to balance any shortfall, and that this year it would include any potential shortfall in income realisation.

Heather Logan sought clarification on the reprofiling of the budget columns and Stuart advised this had been done for health sector audits due to the extension of Health audits to September 2020.

Heather also sought assurance around agency costs and associated risks to budget in year and for 2021/22. Stuart advised the agency costs were expected and principally were to support the EAFA audit work which will be funded and through savings generated in year. Looking ahead to the budget for 2021/22, Stephen Boyle advised the EAFA audit remains a risk in light of the UK's withdrawal from the European Union. The Board noted the UK Government will determine any changes to the EAFA audit and Audit Scotland will have a decision to make at that stage. Stuart also advised of potential risks due to the on-site nature of work of this audit.

The Board noted costs around travel and subsistence and printing have reduced considerably.

In response to a query from Elma Murray, Stuart provided an overview of the process for billing and payment of fees, which are recognised in each audit year and how this differs from the financial performance reporting cycle.

Stuart Dennis, Corporate Finance Manager, left the meeting.

12. Any other business

There was no other business for discussion.

13. Publication of papers

The Board considered and agreed the publication of all the papers considered at today's meeting.

14. Review of meeting

The members welcomed the quality, content and comprehensive nature of the reports which had supported a helpful and detailed discussion. The Chair thanked everyone for their contributions.

15. Date of next meeting: 30 September 2020

The members noted the next meeting of the Audit Scotland Board was scheduled for 30 September 2020.

Agenda

Wednesday 30 September 2020 at 10.00am

By Teams

1. Private meeting of Board members

2. Welcome and apologies

3. Declarations of interests

Standing items

4. Chair's report – verbal update   For information

5. Accountable Officer's report – verbal update   For information

6. Accounts Commission Chair's report – verbal update   For information

7. Review of minutes: Board meeting 19 August 2020   For approval

8. Governance arrangements: Review of Standing Orders   For information

9. Review of action tracker   For information

Business planning and performance

10. Covid-19 update   For information

11. 2020/21 Q1 Corporate performance update   For information

12. 2020/21 Q1 Strategic improvement programme update   For information

13. Remuneration and Human Resources Committee performance and future priorities   For approval

14. Scottish Commission for Public Audit: Official report of meeting on 22 June 2020   For information

Strategic priorities

15. 2021/22 Draft budget submission   For approval

16. European Union withdrawal update   For information

17. Financial devolution and constitutional change update   For information

18. New audit appointments update   For information

Governance

19. Annual review of Corporate governance policies   For approval

20. Annual policy review of records management policies   For approval

21. Annual policy review of freedom of information and environmental information requests   For approval

22. Complaints handling procedure   For approval

23. Proposed meeting dates for 2021   For approval

Conclusion

24. Any other business

25. Publication of papers   For approval

26. Review of meeting

27. Date of next meeting: 25 November 2020

ACCOUNTS COMMISSION ✓

MEETING: 8 OCTOBER 2020

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: ABERDEENSHIRE COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for Aberdeenshire Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report (BVAR) on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.

3. The attached BVAR (Appendix 1) is on Aberdeenshire Council. This is the first BVAR on the council and reports on the progress made by the Council since previous Best Value reporting. The Controller of Audit previously reported to the Accounts Commission on the Council in September 2013 and the Commission's findings were published in September 2013 (set out in Appendix 2).

The Controller of Audit report

4. The BVAR is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).

5. The legislation enables the Controller of Audit to make reports to the Commission with respect to:

- the accounts of local authorities audited under the Act;

- any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and

- the performance by a local authority of their statutory duties in relation to best value and community planning.

6. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.

7. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission

may do, in any order, all or any of the following, or none of them:

- direct the Controller of Audit to carry out further investigations
- hold a hearing
- state its findings.

9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.

10. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.

11. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

12. The Commission is invited to:

a) consider the Controller of Audit's BVAR on Aberdeenshire Council; and

b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
16 September 2020

BEST VALUE ASSURANCE REPORT: ABERDEENSHIRE COUNCIL

See separate paper.

TARGETED BEST VALUE AUDIT – ABERDEENSHIRE COUNCIL:

COMMISSION FINDINGS

SEPTEMBER 2013

1. The Commission accepts the Controller of Audit's report on targeted Best Value work in Aberdeenshire Council.

2. The Commission welcomes the positive response made by the council to the Best Value targeted work. This supports our view that the council has good self-awareness.

3. We are encouraged by the council's good progress with its leadership development programme; in improving corporate working; and in reducing staff absences. We note the substantial amount of improvement activity underway and we expect this to provide clear and objective evidence as the council decides how services are provided into the future.

4. We urge the council to enhance leadership by elected members in setting improvement priorities. The council also needs to assure itself that the public sees its scrutiny arrangements as transparent and objective. Budget planning and monitoring are also areas worthy of continued improvement.

5. The Commission notes that the progress of the council against its improvement plan will be reported as part of the annual audit process.

Aberdeenshire Council
Best Value Assurance Report

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.

- The Accounts Commission is an independent public body appointed by Scottish Ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.

- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.
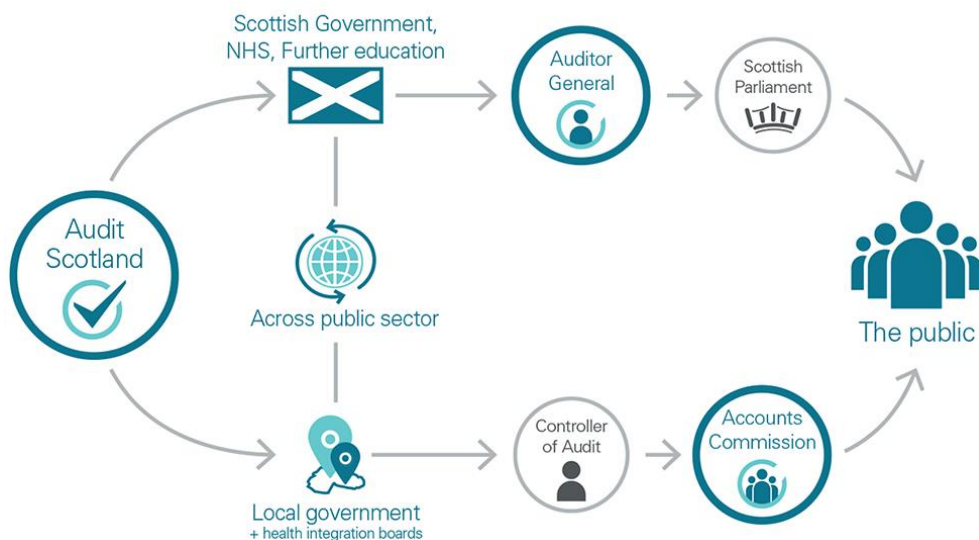
About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money

- reporting our findings and conclusions in public

- identifying risks and making clear and relevant recommendations.

Contents

Key facts

2,437 square miles	261,470	10,500	70
Area	**Population**	**Workforce** (number of full-time equivalent employees)	**Elected members** 18 Scottish Conservative and Unionist 14 Scottish Liberal Democrats 9 Aligned Independents 18 Scottish National Party 9 Independents and small groupings 1 Scottish Labour Party 1 Vacancy
13,004	£605 million	£975 million	£64 million
Council houses	**2020/21 revenue budget**	**2020-35 capital budget**	**2020-25 Budget gap**

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the Annual Audit Report. In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on Aberdeenshire Council. The findings from the previous Best Value report on the council are summarised in Exhibit 16.

2. This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future.

3. Our audit approach is proportionate and risk based, so it reflects the context, risks and performance of the individual council. It also draws on the intelligence from audit and scrutiny work carried out in previous years. In keeping with this approach, we conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, a review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience. Key areas of focus for our audit are listed in Exhibit 1.

4. The detailed audit work for this report was largely undertaken in March 2020 and therefore pre-dates the Covid-19 global pandemic. Where appropriate, our findings have subsequently been updated to reflect the impact of the pandemic and the council's response to it. Our detailed audit work included:

- interviews with elected members and senior officers

- observing a range of council and committee meetings

- discussion with trade unions

- reviewing documents and analysing data.

5. We gratefully acknowledge the cooperation and assistance provided to the audit team by elected members, officers and the council's partner organisations. As part of the annual audit of the council, our future work will follow up the findings and recommendations in this report. It will also include more detailed audit work on other Best Value areas as appropriate.

Exhibit 1
Key areas of focus for our audit
The audit considered a broad range of issues.

The council's priorities and the role of area working

This included assessing how the leadership of the council works together to deliver the council's priorities. We also considered the importance of the council's area structure and locality planning arrangements in supporting the delivery of these priorities, especially in rural and remote communities. Our findings on this are reported in Part 1 of this report.

Managing performance, self-evaluation and measuring outcomes

This included an overall assessment of outcomes and performance and the link between the council's self-evaluation, improvement actions and changes in outcomes for local people. Our findings on this are reported in Part 2 of this report.

Planning the use of resources

We assessed how effectively the council plans its use of resources, including how the council's procurement policies and practices support sustainability and the council's use of workforce planning to support the delivery of its priorities. Our findings on this are reported in Part 3 of this report.

Delivering services with partners

We assessed how the council delivers sustainable services in collaboration with partners to meet the needs of residents and support the local economy, including consideration of the Aberdeenshire Integration Joint Board, the Aberdeen City Region Deal and the Northern Alliance. We also considered how community engagement and empowerment influenced the council's activities and delivery of services. Our findings on this are reported in Part 4 of this report.

Continuous improvement

We reviewed the council's approach to continuous improvement, including assessing the overall pace and depth of change. Our findings on this are reported in Part 5 of this report.

Source: Audit Scotland

Key messages

1 Since the last Best Value report in 2013, the pace of change has been slow in some key aspects of best value. In particular, the council has not used performance and benchmarking data effectively and its approach to self-evaluation has been inconsistent. Despite this, the council's monthly reputation tracker regularly shows high public satisfaction with most services. Decisive political and managerial leadership is needed to increase the pace, depth and continuity of improvement needed to demonstrate best value.

2 There are positive working relationships between officers and members and political decision making is consensual. Council priorities are however vague and not sufficiently focused, and the council has been slow to develop a performance framework. The council reviewed its scheme of governance and implemented new scrutiny arrangements. After a slow start, scrutiny has improved but more challenge is required from elected members to drive improvement.

3   Over the past five years, there has been some improvement in the council's performance against national benchmarking indicators. The council performs above the Scottish average for pupils gaining five or more awards at Level 5, but educational attainment is poor for more disadvantaged pupils. Management of void housing is also an area of poor performance.

4 A more strategic approach to workforce planning is required to assist the council in addressing the challenges it faces including an ageing workforce and supply shortages in areas such as teaching and social care. Although the pace of improvement has recently increased with the development of a workforce strategy, this is high level and lacks detail on how the council plans to develop a workforce capable of meeting existing and changing demands.

5 Area working is fundamental to the way the council operates and it is embedded within its culture. Six area committees run alongside the four policy committees providing a vital connection with local communities, community planning groups and the community asset transfer process.

6 The council regularly engages with communities on a range of significant matters, but there is less evidence to demonstrate the active involvement of communities in decision making. There is a complicated landscape of local-level plans with inconsistent timescales for delivery. This makes it difficult for the Community Planning Partnership to demonstrate whether outcomes for local communities are improving.

7 Partnership working is a strength at the council. It works well with partners on the Regional Economic Group, City Region Deal, and Health and Social Care Partnership. In response to the Covid-19 pandemic, partners promptly established the Grampian Coronavirus Assistance Hub which effectively co-ordinated the volunteer response to support the vulnerable in the community.

8 The council has had a relatively stable financial position but the rising cumulative funding gap has been exacerbated by the impact of the pandemic. Stronger leadership is required from elected members to establish fewer, clearer priorities, focus on what is most important, and increase its pace in delivering more ambitious outcomes for its communities.

Part 1
Does the council have clear strategic direction?

The council's high-level priorities are vague and not sufficiently focused.

There are positive working relationships between officers and members and political decision making is consensual.

Area working is fundamental to the way the council operates and it is embedded within the its culture.

Scrutiny has improved but further challenge is required by elected members to drive improvement.

Aberdeenshire Council covers a large rural area, with an increasingly ageing population and pockets of deprivation

6. Aberdeenshire is the fourth largest council in terms of land area, covering 2,437 square miles, or eight per cent of Scotland. The total population is 261,470 of whom 55 per cent live in either remote small towns or a rural setting according to the Scottish Government Urban/Rural Classification. The remainder of the population live in a number of small towns – there are only six settlements with more than 10,000 residents – the largest being Peterhead in north Aberdeenshire with a population of 19,270. Providing services that meet the needs of different remote and rural communities is a challenge for the council.

7. Since 2008, the population has increased by 5.9 per cent, the ninth highest increase in Scotland and greater than the increase for Scotland as a whole. The total population of Aberdeenshire is expected to increase by around 2.5 per cent to 2028, which is slightly above the Scottish average. Exhibit 2 shows an analysis of the expected population change by age band and highlights that there is expected to be significantly greater than average increases in both the population above pensionable age (seven per cent) and those aged 75 and over (40 per cent).

8. Aberdeenshire is one of the most economically prosperous areas of the country based on gross value added (GVA) per head of population and is in the top 15 per cent of local authorities in the UK. Employment, employment benefit and business survival rates are all better than the Scottish average. Whilst the energy sector remains a key element in the economic success of the area, fluctuations in the price of oil can have a significant impact on the local economy. The prolonged low price of oil between 2014 and 2016 resulted in the loss of a significant number of jobs in the area, and adversely affected the local housing market and the hospitality industry. Exhibit 3 shows the decline in the GVA for the region in this period compared with the position for both the

UK and Scotland. Other important sectors in the area include agriculture, fishing and manufacturing.

Exhibit 2
Projected population change 2018–28
Total population increase is slightly above the national average, but significantly higher for those over pensionable age and over 75.
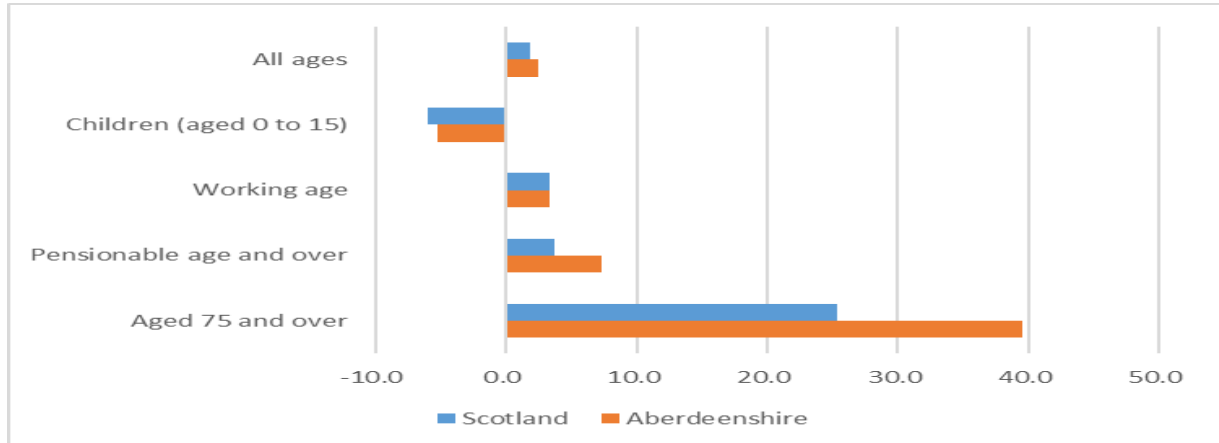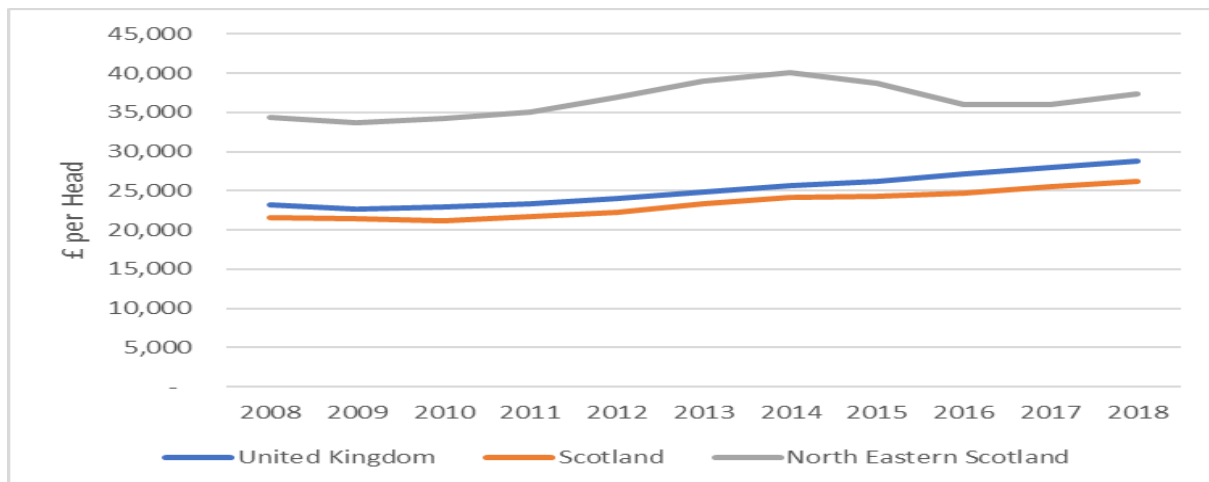

Source: National Records of Scotland

Exhibit 3
Gross value added per head of population
The local economy is strong, but the low oil price between 2014 and 2016 had a significant impact.

Source: ONS

9. Average household income in Aberdeenshire is £44,174 per annum, significantly higher than the Scottish average of £36,031. Overall, Aberdeenshire experiences low levels of deprivation but the 2020 Scottish Index of Multiple Deprivation shows that nine data zones in Banff and Buchan and Buchan (five in Fraserburgh and four in Peterhead) are among the 20 per cent most deprived in Scotland although there are also pockets of deprivation in the towns of Banff and Macduff. This means that three per cent (around 7,800) of the total population live in areas classed as amongst the 20 per cent most deprived in Scotland.

10. The council has a full time equivalent (FTE) workforce of 10,500, an increase of 1,200 or 13 per cent since 2008. Aberdeenshire is one of only two councils in Scotland to see an increase in the FTE workforce in this period. This can be largely explained by the fact that Aberdeenshire does not have any arm's-length external organisations and therefore has not seen large numbers of staff transfer out of the council workforce.

There are positive working relationships between officers and members and political decision making is consensual

11. The council is large with 70 elected members, representing 19 multi-member wards. Political administration is led by a coalition between the Scottish Conservatives (18 members), Scottish Liberal Democrats (14 members) and Aligned Independents (9 members). Different combinations of this political grouping has led the council since 2007, apart from the period between June 2015 and May 2017, when a coalition of the Scottish National Party and Progressive Alliance (Scottish Labour and Progressive Independent) was in power.

12. In March 2015, the council established a Future Governance Working Group to make recommendations for a new Scheme of Governance including Standing Orders and Financial Regulations. The new arrangements, implemented in January 2017, included four policy committees, six area committees and an audit committee.

13. The Strategic Leadership Team (SLT) of the council comprises the chief executive, three directors, head of finance, head of legal and governance, chief social work officer and the chief officer for the Aberdeenshire Integration Joint Board. Although there have been some changes in membership, such as the director of education, there has been good continuity in the SLT since the chief executive's appointment in November 2014.

14. The chief executive meets on a weekly basis with administration group leaders and with all group leaders in advance of council meetings. Directors also meet regularly with their committee conveners. Councillors we interviewed said that they had good access to officers and working relationships are respectful and constructive.

15. The Policy Budget Steering Group (PBSG) is a key working group of administration members that regularly meets with senior officers to discuss policy and budget strategies and options for potential savings. The group meets on a monthly basis and more frequently as budget-setting day approaches. A similar group has recently been introduced for opposition members. This has increased transparency by providing the opportunity and information to better enable alternative political group budgets to be developed.

16. The council supports the use of cross-party member officer working groups to enable fuller consideration of significant issues. This creates space to develop options and make recommendations to policy committees and/or full council. This way of working effectively assists the council in consensus decision making. From our observations of council and committee meetings, we found respect and good behaviour to be evident and that there was general agreement on most matters.

17. The scopes of some examples of recent working groups included:

- developing the office space strategy

- considering options for a culture and leisure business unit

- assessing area working

- developing and monitoring a waste management strategy.

The council has agreed high-level priorities but these are vague and not sufficiently focused

18. Following the local election in May 2017, and the establishment of a new council administration, a Council Plan for 2017-22 was agreed by the council in November 2017. The plan includes 11 priorities that were allocated to the council's policy committees for monitoring. It was over a year later before the committees had all agreed outcome measures in respect of their allocated priorities.

19. The plan was initially developed from the administration's manifesto and was informed by annual strategic and economic assessments. There was extensive public engagement involving a residents' online survey, citizens' panel and various community engagement events.

20. However, the agreed priorities and expected outcomes are somewhat vague and lack a clear focus as to what they are intended to achieve (Exhibit 4). Although the plan was unanimously accepted by the council, it is difficult to demonstrate what was intended and to measure progress. This was a view supported by some elected members we met who suggested that the priorities could be refreshed and made more explicit.

21. The council's general approach has been 'business as usual'. It continues to deliver existing services and although it has experienced financial challenges, these have not been of a scale that has required a significant reduction in the cost base. The council has balanced budgets with minimal change and residents regularly indicate high levels of satisfaction with the services provided. (Paragraph 40)

Exhibit 4
Council priorities and outcomes
The council agreed 11 priorities in November 2017.

Priority	Outcomes
• Support a strong, sustainable, diverse and successful economy	• An economy that enables new and existing businesses and our core industries to thrive • Accessible employment in areas of traditional rurality reducing need to travel long distances to get to work • Vibrant town centres that are evolving to enable living • A protected natural and well-maintained built environment • An area with resilience to economic and geopolitical changes and decarbonisation.
• Have the best possible transport and digital links across our communities	• Economic growth based on excellent digital connectivity that supports local and new businesses to thrive and expand • Improved connections within and between communities, increasing accessibility of the sustainable transport network and maximising its effectiveness and safety • Access to fast and robust digital connectivity for all our communities no matter how rural they are.
• Provide the best life chances for all our children and young people by raising levels of attainment and achievement	• Our young people can achieve their best by having access to the right opportunities for them having gained the right skills and attainment when they leave school or other educational settings • Our young people have developed resilience and skills for life and work.
• Work with parents and carers to support children through every stage of their development	• Parents/carers, children, schools and organisation have clear expectations at every stage of their educational journey and child focused support is provided

Priority	Outcomes
	• Vulnerable children and families are supported at the earliest opportunity.
• Encourage active lifestyles and promote well-being with a focus on obesity and mental health	• We will encourage the people of Aberdeenshire to live a better-quality life • We will promote sport, physical and cultural activity to build stronger communities • We will encourage employees live a better-quality life.
• Have the right mix of housing across all of Aberdeenshire	• There will be an increase in the supply of affordable housing • There is greater participation from private landlords and individuals and families spend less time on council waiting list • There is an increased supply of the right mix of good quality, affordable, appropriate and adaptable housing with an emphasis on reducing fuel poverty and increasing use of alternative energy sources.
• Support the delivery of the Health and Social Care Strategic Plan	• The best of health and care for everyone.
• Work to reduce poverty and inequalities within our communities	• Confident communities shaping the services they need • Communities are confident, resilient and inclusive • Individuals feel secure and in control of their circumstances.
• Deliver responsible, long-term financial planning	• We live within our means and use public money to maximise outcomes for our communities • Our assets, property and land are managed to the best financial effect, supporting delivery of our priorities and service ambitions in the medium to long term.
• Have the right people, in the right place, doing the right thing, at the right time	• One Aberdeenshire, people working effectively with each other across public services and across communities • Staff working close to the communities they serve, making decisions based on local need.
• Protect our special environment, including tackling climate change by reducing greenhouse gas emissions	• Effective management, protection and promotion of the natural environment for the benefit of all • The best protection, management and promotion of the historic environment for the benefit of all • Sustainable waste management systems that promotes zero waste and reduces our climate change emissions • Enhanced transport connectivity and reduced congestion for businesses, communities and visitors • Reduction in the numbers of collisions on the road networks in Aberdeenshire • Decarbonised council fleet.

Source: Aberdeenshire Council

## Area working is fundamental to the way the council operates and it is embedded within its culture

22. The council has an area management structure including six area committees – Banff and Buchan, Buchan, Formartine, Garioch, Kincardine and Mearns and Marr – each supported by an area manager, area team and area based services. Area committees sit alongside policy committees in the council's structure (Exhibit 5).

23. According to the scheme of governance, the key purpose of each area committee is to 'determine matters which directly affect their area and make recommendations to Policy Committees on strategic matters and council policy'.

24. The area structure provides an important link between the council and communities and there is recognition that each area has different challenges and needs. From our meetings with both members and officers, it is clear that there is a strong commitment to the principle of area working.

Exhibit 5
Council committee structure
The council has a committee structure which includes four policy committees, six area committees and an audit committee.
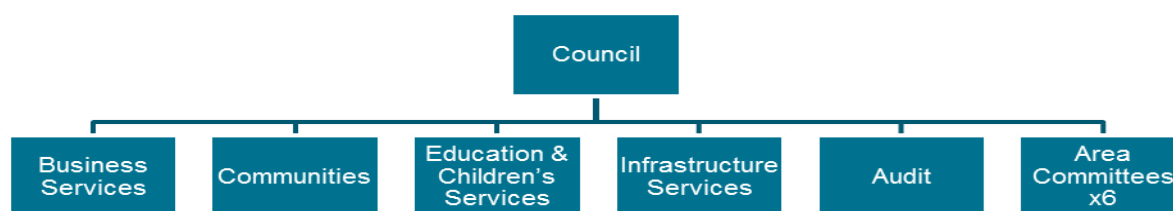
Source: Aberdeenshire Council - the council's committee structure also includes a range of miscellaneous committees, including sustainability, procedures, appeals and appointments, and statutory boards.

25. In recent years, the council established a member led area improvement working group which considered the cultural and behavioural aspects of area working and made recommendations for improvement. While this has been a challenging process due to different points of view, consensus has been reached with further work in progress to implement the agreed action plan.

Area committees have a wide-ranging remit that enhances the council's policy setting arrangements

26. A core element of area committee business is consideration of local planning applications, but committees are also consulted on service issues in their area, provide feedback on new and proposed policy changes by policy committees and review performance information. Exhibit 6 illustrates the range of matters that can be referred by policy committees to area committees based on 2019/20 business.

27. A key role of area committees is responding to policy committee consultations on new policies or proposed policy changes. This ensures that all members have a chance to contribute to policy development across all aspects of council business before final approval of the relevant policy by policy committees. Recent examples of policy consultation included the counter fraud strategy, the local development plan and the waste management strategy.

28. Area committee comments are presented as an appendix to the policy committee papers, along with responses from officers to show how comments were considered and any action taken as a result. Most comments from area committees highlight issues to be considered but do not result in substantive changes to policies. In some cases, however, comments have led to changes being made to better reflect local need. For example, additional seasonal garden waste collection points were included following comments on the draft waste strategy.

Exhibit 6
Area committee business 2019/20
Area committees consider a wide range of business.

Area	Business Services	Education and Children's Services	Infrastructure Services	Health and Social Care Partnership
Banff and Buchan	Sale of site, Harbour Road, Fraserburgh	Sandhaven Primary School inspection report,	Fraserburgh Harbour Masterplan	Minor Injuries Review – changes in 'out of hours' services in Banff.
Buchan	Arrangements for the appointment of area manager	Relocation of Peterhead Academy	Public petition for a pedestrian crossing in Longside	Quarterly performance information
Formartine	Approval of directorate Procurement Work Plan for contracts relating solely to the area	Review of attainment in Formartine secondary schools	Scrutiny review of Traffic Management policy – speed limit	Quarterly performance information
Garioch	Consultation on Counter Fraud Strategy	Review of Inverurie Primary School catchment areas	Comments on draft Westhill Strategic Needs Assessment	Consultation on Dementia Strategy
Kincardine and Mearns	Workspace office strategy – Stonehaven Gateway	Newtonhill Primary School inspection report	Agreement of the Roads, Bridges, Harbours, Flooding and Landscape Services Works Programme 2020-21	Quarterly performance information
Marr	Award of small grant applications	Local consultation report on proposed closure of Strachan school	Cairngorm National Park Action Plan – consultation response	Quarterly performance information

Local decisions

Consultation by policy committee

Community engagement/consultation

Capital and revenue decisions

Service performance

Source: Aberdeenshire Council

After a slow start, scrutiny has improved but further challenge is required by elected members to drive improvement

29. As part of the 2017 Scheme of Governance, the council introduced a new way of working intended to involve all members in scrutiny. Policy committees and the audit committee can refer matters to elected members for further scrutiny and can request anything from a report to a full investigation.

30. The audit committee can refer concerns to the relevant policy committee for investigation and reporting back, such as areas for improvement identified by the internal auditor in relation to risk and internal control. Examples of referrals made include controls over income and expenditure in primary and secondary school visits, building maintenance stores and payroll procedures. Case study 1 sets out an example of a scrutiny referral relating to the council's property repairs contract. This is a significant but challenging contract which encountered problems. However, a solution has been found to ensure continuity of service delivery. In addition, policy committees are required to undertake formal scrutiny in their service areas. While committees request further reports, there is limited evidence of formal scrutiny being undertaken.

Case study 1
Property repairs contact

In 2017, the council entered into a five year contract with a potential overall value of £65 million for facilities management (Hard FM) services which encompasses reactive, planned maintenance and lifecycle replacement works in all council property, including social housing. Previously the council managed around 60 separate local contracts in various locations throughout Aberdeenshire. The council wanted to focus more on improving delivery standards and by moving to one contract rather than 60, it would spend less time on contract management and reduce tendering costs. Although the approach was approved by the council's Policy and Resources Committee, some elected members were not supportive of the change to a single contractor because it required a shift away from local suppliers.

In the first year, the contractor experienced difficulties in managing reactive repairs. Low performance levels were achieved and as a result, the contractor incurred penalties. Contract monitoring was undertaken by the Business Services Committee, further scrutiny was undertaken by the Communities Committee and, following an internal audit review, the Audit Committee initiated a Scrutiny Referral Review. The review was undertaken between November 2019 and May 2020 (having been delayed due to Covid-19).

In the interim, the council and the contractor held regular contract monitoring meetings in order to resolve the issues being experienced. The required contract performance levels were achieved by January 2020.

The council has historically experienced challenges with this service. In the past, the service was let as two contracts, more recently as a range of agreements with local suppliers and now as a single contract. Because the council covers a large geographical area, difficulties have been experienced with all contract options. The council has worked well with the contractor to continue the service for the period of the contract. Lessons learnt from monitoring and from the scrutiny process will inform the next procurement exercise.

Source: Aberdeenshire Council

31. Elected members are well supported in understanding particular issues or complex matters through the provision of member briefings, workshops and informal sessions. This provides the opportunity for clarification on technical matters, and the ability to ask questions in a safe environment. It can however mean that the level of public scrutiny is reduced. While there is an appetite

from elected members to be briefed through informal channels, it is important that a balance is maintained to ensure that there is effective public scrutiny and challenge. This equally applies to scrutiny of performance including financial performance. This matter has previously been raised by the external auditor and acknowledged by the council.

32. At the last election in May 2017, more than 50 per cent of the members were elected for the first time. The council put robust arrangements in place for members' induction and provided a comprehensive programme of training. The council also makes an extensive range of training modules available online for both officers and elected members. Although there is an appetite for informal briefings and workshops, these are often poorly attended. Steps have been taken to provide more online training and to arrange sessions around scheduled council business but further improvement in attendance is required.

33. Members are required to undertake at least five days of continuing professional development (CPD) per year. They have a responsibility to take advantage of the training opportunities provided, to ensure that they are equipped with the knowledge and skills and that their training and development plans are regularly updated. However, levels of recorded CPD show that in 2019/20, 57 per cent of elected members completed less than nine hours of CPD. Only eight elected members (11 per cent) completed the required five days of CPD. The council planned to set up a councillor CPD focus group to reinforce the relevance of training and better understand the barriers to engagement with training. This work was put on hold due to the Covid-19 pandemic but will be resumed at an appropriate time.

Part 2
How well is the council performing?

With performance slightly better than the Scottish average, there has been some improvement against national indicators over the last five years. The council's performance is however poor in important areas such as educational attainment for more disadvantaged pupils and the management of void housing.

The council has been slow to develop a performance framework to report progress on council priorities. Reports are comprehensive but progress is difficult to assess.

The council should use benchmarking targets and family grouping data to support improvement activity.

Most services consistently receive high scores on the council's monthly satisfaction reputation tracker.

The council has been slow to develop a performance framework to report progress on council priorities

34. Following agreement of the council priorities in November 2017, two policy committees agreed delivery plans, outcomes and outcome indicators to support the priorities in spring 2018 but it was not until March 2019 that a performance framework was finally agreed by all four policy committees. This led the way for committees to receive the first suite of performance reports against council priorities. Initial reports covered the financial year 2018/19 but were limited to an update against agreed actions. The intended reporting cycle is six monthly and the first round of such reports was presented to policy and area committees between November 2019 and January 2020.

Six monthly reports are comprehensive but progress against council priorities is difficult to assess

35. Responsibility for council priorities was allocated across the four policy committees. The six month performance reports are comprehensive and include a high-level summary, a number of related indicators and detailed narrative on different initiatives being taken forward to deliver the priority.

36. While a range of information is provided, it is difficult to determine if progress has been made as intended owing to the absence of specific milestones and targets. As the priorities themselves are vague in what they are intended to achieve, this has made it hard for the council to identify a clear set of targets that can be monitored. It is acknowledged that the council is at an early stage in producing such performance reports and it is likely they will continue to evolve; however, more work is required in setting clear priorities and deciding how progress will be demonstrated.

37. Since December 2019, area committees have also started to receive six monthly performance reports. In effect, each area receives four reports, one in respect of each policy committee's service responsibilities, but much of the information is reported at council level and is not yet provided by area. It therefore duplicates the data already presented to the relevant policy committee. While this is an important development, it is at an early stage and more work is required to streamline the process and analyse data to enable appropriate performance reporting at area level.

The Strategic Leadership Team regularly reviews performance information including the monthly satisfaction reputation tracker

38. The Strategic Leadership Team (SLT) reviews a suite of 46 council indicators reported on a quarterly basis over four key areas: delivery of priorities, finance, people, and reputation. Where appropriate, further background briefings are requested. Our review of these indicators identified that 76 per cent were on target but 61 per cent were on a downward trend.

39. The council uses a third party market research company to produce a monthly reputation tracker. Based on 150 interviews per month (25 in each council area), the tracker gauges the public's level of satisfaction with the council. It is regarded as a significant indicator of service delivery and is an important aspect of strategic decision making in relation to performance management. The results are routinely considered by SLT, made available to elected members and are posted on the council's website.

Exhibit 7
Council reputation tracker – satisfaction with services
The council's own performance information indicates that there are high levels of satisfaction with services.
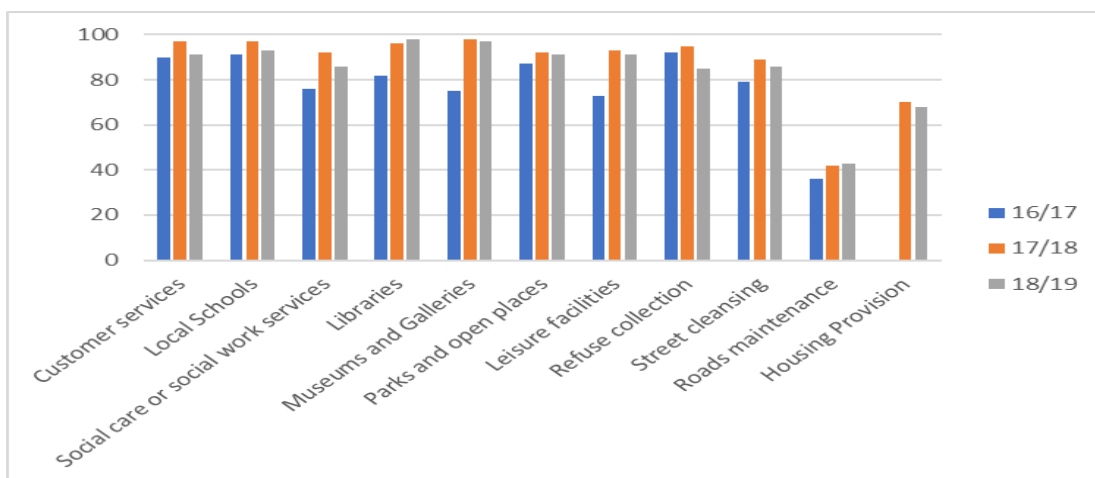
Source: Aberdeenshire Council reputation tracker. Note: no data for housing services in 2016/17

40. For 2018/19, overall satisfaction levels were high with 90 per cent of respondents satisfied with services provided by the council, although this was down slightly on the levels reported between 2013/14 and 2017/18. Satisfaction with individual services also rated highly, with only roads maintenance scoring below 50 per cent, although satisfaction has increased over the year. Most services achieve ratings over 90 per cent and levels remained broadly similar between 2017/18 and 2018/19. (Exhibit 7)

41. The council produces an annual complaints report which contains several indicators, such as numbers of complaints received, response times and outcomes. Analysis of the total number of complaints received since 2013/14 shows that the level has remained at around seven per 1,000 of population.

Based on national indicators, performance is slightly better than the Scottish average

42. The Local Government Benchmarking Framework (LGBF) allows councils to compare their performance with the Scottish average on a variety of indicators. As part of the LGBF, councils with similar demographic characteristics have been grouped into family groups so they can share good practice and work together to improve services. For LGBF, the council aims to achieve 50 per cent or higher within the top two quartiles, and to be a consistent, solid performer.

43. In April 2020, there were a total of 73 indicators for which 2018/19 data was available. As shown in Exhibit 8, Aberdeenshire Council was better than the Scottish average on 53 per cent of these. However, when the council was compared against its family group for the same indicators, we found that on only 48 per cent of indicators was the council better than the family average.

Exhibit 8
Performance against LGBF indicators
In 2018/19 Aberdeenshire performed slightly better than Scottish average, but less well against its family group.
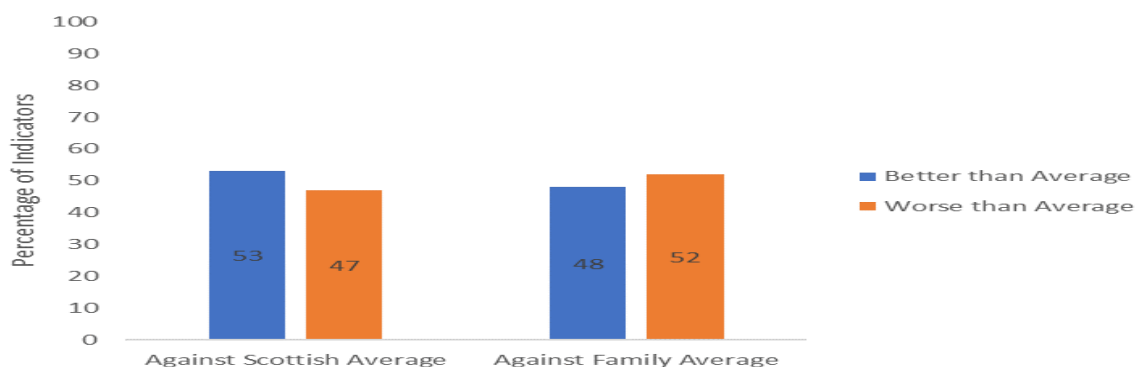
Family Group for Children, Social Work and Housing indicators is based on levels of deprivation and comprises Aberdeen City, Aberdeenshire, City of Edinburgh, East Renfrewshire, East Dunbartonshire, Orkney Islands, Perth & Kinross and Shetland Islands councils.

Family Group for Environmental, Culture & Leisure, Economic Development, Corporate and Property indicators is based on rurality and comprises Aberdeenshire, Argyll & Bute, Dumfries & Galloway, Eilean Siar, Highland, Orkney Islands, Scottish Borders and Shetland Islands councils

Source: Audit Scotland analysis of LGBF data

Performance in educational attainment is a mixed picture with poorer results for more disadvantaged pupils

44. The council is improving on educational attainment when compared to other councils with similar levels of deprivation. It is above the Scottish average for pupils gaining 5+ awards at Level 5 and fifth out of eight in its family group (Exhibit 9). Although the council has relatively low levels of deprivation, attainment in areas of deprivation is poor, with the council ranking as one of the lowest in Scotland for pupils from deprived areas gaining 5+ awards at Level 5. The council is also below the Scottish average on the average tariff score and ranks seventh out of eight councils with similar levels of deprivation.

45. The percentage of P1, P4 and P7 pupils combined achieving expected Curriculum for Excellence (CfE) level in literacy is below the national average, although the percentage of P1, P4 and P7 pupils combined achieving expected CfE level in numeracy is slightly above the average. Although the council has had long-standing issues with teacher recruitment (Case study 2), which may be impacting on its educational performance, other rural councils face similar challenges.

46. Further analysis of the indicators shows that the council consistently performed above the Scottish average for pupils entering positive destinations after school with the council ranked fifth overall among all Scottish councils. The council is also above the national average in terms of resident satisfaction with local schools, although it ranks sixth out of eight when compared against other councils in its family grouping.

Exhibit 9
Aberdeenshire Council's performance against LGBF educational attainment indicators
The council's performance shows signs of improvement against the Scottish average but does less well against the family group.

LGBF indicator	Year	Council	Scotland	Ranking Scotland (out of 32)	Ranking Family (out of 8)
CHN4	2014/15	54%	57%	22	7
	2016/17	62%	60%	11	6
	2018/19	66%	63%	9	5
CHN6	2014/15	22%	38%	28	6
	2016/17	37%	43%	22	4
	2018/19	30%	44%	27	6
CHN12a	2014/15	845	874	17	6
	2016/17	865	906	21	7
	2018/19	873	892	15	7
CHN13a	2018/19	71%	72%	21	5
CHN13b	2018/19	80%	79%	12	4
CHN4 % of Pupils Gaining 5+ Awards at Level 5					
CHN6 % of Pupils from Deprived Areas Gaining 5+ Awards at Level 5 (SIMD)					
CHN12a Overall Average Total Tariff					
CHN13a % of P1, P4 and P7 pupils combined achieving expected CFE Level in Literacy					
CHN13b % of P1, P4 and P7 pupils combined achieving expected CFE Level in Numeracy					

Source: Audit Scotland analysis of LGBF data

47. Although the Education and Children's Services Committee receives regular reports on educational attainment which highlight areas of underperformance, these reports do not routinely provide information on action being taken by the service to address matters. The use of benchmarking data and comparison against the council's family group would provide elected members with a more rounded picture of the council's relative performance.

48. We also matched LGBF indictors with the Council's Priorities and found that there was poorer performance on the priority indicators to 'Provide the best life chances for all our children and young people by raising levels of attainment and achievement' and 'Work to reduce poverty and inequalities within our communities'. The council's six monthly reporting against priorities would provide a more balanced account of performance if set in a national context and included information relative to the family grouping.

There has been some improvement against the Scottish average over the last five years

49. Performance relative to other councils can be gauged by considering how all councils are performing, from highest to lowest for each indicator, and dividing relative performance into four equal bands or quartiles. Quartile 1 contains the best-performing councils and quartile 4 contains the poorest-performing councils. We have identified 43 indicators, mainly outcomes based, that are measured over a single year and which have been reported each year between 2015 and 2019. For 2018/19, Aberdeenshire Council is in the top two quartiles for only 47 per cent of those indicators. Exhibit 10 shows that while the council has consistently had more indicators in the lower two quartiles, there has been a slight increase in performance over the five year period.

Exhibit 10
LGBF performance over time
Performance has been consistent over the last 5 years, with little sign of significant improvement in rankings
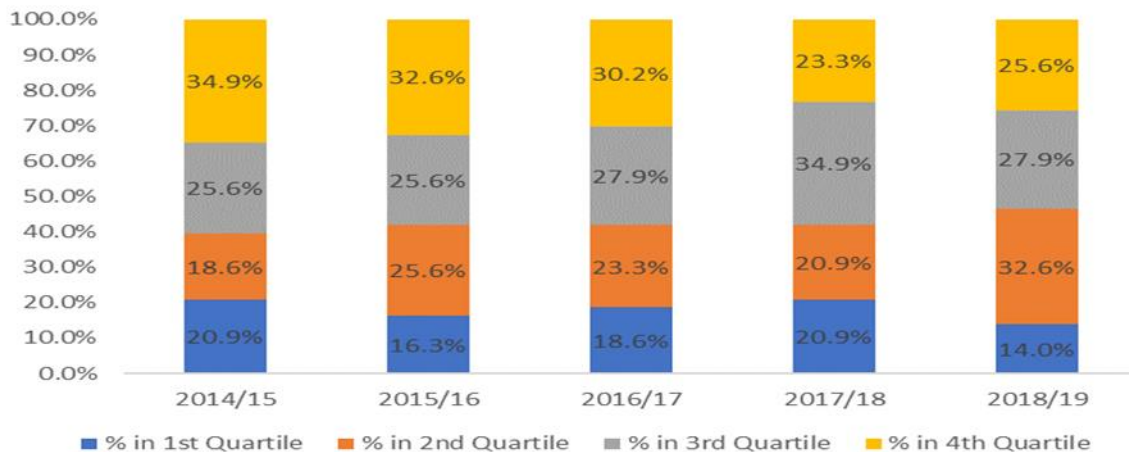
Source: Audit Scotland analysis of LGBF data

50. There is some evidence to suggest that the council's direction of travel is slowly improving. Of these 43 indicators, 49 per cent have improved compared with 2014/15 whereas only 35 per cent have declined (the remainder staying at the same level). The proportion of those below average in 2014/15 and had improved by 2018/19 is higher than the proportion of indicators that were above average in 2014/15 and declined over the same period.

51. Further, 23 out of 43 indicators have not changed quartile since 2014/15. Of those that have changed quartile, slightly more have improved than declined.

The council's most improved indicators relate to economic development, for example average time taken to process business and industry planning applications and the percentage of unemployed people assisted into work. There is more of a mix of indicators which have declined in the period, for example rent loss due to voids, street cleanliness score and child protection re-registrations.

52. Combining these 43 indicators into the LGBF service categories for 2018/19 shows that the council performs well in corporate services, economic development and environmental services. Better performing indicators include sickness absence rates for non-teachers and road maintenance. The analysis also shows that the council's performance was poorer for children's services and housing. Specific indicators with poorer performance included educational attainment, rent loss due to voids and time taken to complete non-emergency housing repairs.

The council should use benchmarking targets and family grouping data to support improvement activity

53. Although links to the LGBF website are provided via the council's website and annual performance reports, and LGBF data is made available to members, there is little evidence to demonstrate that the council routinely uses benchmarking targets and family grouping data to identify areas for improvement. Annual performance reports do not provide any benchmarking context against which the council can be judged.

54. Following the issue of the 2018/19 LGBF dataset in January 2020, each director was asked to scrutinise service specific data and agree actions for improvement in relation to indicators performing below the Scottish average especially if such actions would support delivery of the council's priorities. Plans are in place to provide policy committees with a review of relevant LGBF indicators including an action plan where necessary. In addition, the audit committee will receive an overview report with the action plan.

The council performs well against Community Planning Outcome Profile (CPOP) indicators

55. The Community Planning Outcome Profile (CPOP) is a set of core measures which help assess if the lives of people in a community are improving. Aberdeenshire performs well against the 18 CPOP indicators.

56. The council performs better than both the Scottish and family group averages in 11 indicators and worse in only two indicators – median earnings and fuel poverty. The council performs well in areas such as economy (employment rate and business survival), health (birthweight, emergency admissions) and child poverty.

The Scottish Housing Regulator has highlighted areas of poor performance

57. The Scottish Housing Regulator has identified that the council rates poorly in a number of service satisfaction indicators. Only 67 per cent of service complaints are resolved to tenants' satisfaction, compared with the national average of 88 per cent.

58. The housing service co-ordinates improvement activity through the Housing Continuous Improvement Group. We noted improved tenant participation through the introduction of a new strategy and increased opportunities to engage with tenants such as involvement in the recently formed scrutiny and communications working groups.

The CPOP family group compares councils with similar levels of deprivation

Aberdeen City, Aberdeenshire, City of Edinburgh, East Dunbartonshire, East Renfrewshire, Orkney Islands, Perth and Kinross and Shetland Islands.

59. The average time taken to relet empty homes is 55 days, significantly higher than the national average of 32 days. The council adopted a flexible approach with such properties to reflect the rurality of the area and the unpredictability of the location of void properties. The service is however in the process of undertaking a review, due to conclude in summer 2020, which is examining the arrangements for reletting empty properties.

Part 3
Is the council using its resources effectively?

The council has had a relatively stable financial position but the rising cumulative funding gap, exacerbated by the impact of the pandemic, will require stronger leadership from elected members.

The council has been slow to develop a strategic workforce plan. Despite a range of initiatives, teacher recruitment and retention remain a challenge.

The council approved a carbon budget to support its climate change commitments.

The council's medium term financial strategy provides a good basis for financial sustainability

60. The council has developed a five year medium term financial strategy (MTFS) to ensure 'a structured approach to financial planning across services and a complete view of the revenue budget, capital plan and council reserves allowing the council to consider and plan the full financial impact on decisions taken now on next year's budget and an indication of the impact on future years'. The MTFS is best described as an overarching set of principles to be followed in the budget setting process rather than a clearly documented strategy. The council does not have a longer term financial strategy.

Five year revenue budgets are prepared and reviewed each year

61. Through the MTFS and effective financial management, the council has been able to meet budget shortfalls in recent years. The council has not experienced the same level of financial challenges as some other councils. It has not, for example, been required to make difficult financial decisions involving significant service reduction or large scale voluntary release schemes.

62. With rising demand for services, increasing cost of services and reductions in local government funding, it is becoming more difficult for the council to maintain services based on current operating models.

63. The council prepares detailed indicative five year revenue budgets, which are approved along with the annual budget each year. The most recent revenue budget identified a cumulative five year funding deficit of £63.5 million and highlighted that 'additional savings identified within the MTFS process for future years have not yet been applied to these years' budgets leaving them currently out of balance'. Although the council has identified provisional savings, they are not included until formally agreed. There is scope to provide

clarification in the budget report on the likely extent of the expected shortfall at that point.

64. The financial impact on the council of the lockdown during the pandemic was approximately £8 million for the quarter April to June 2020 attributable to a combination of lost income, additional costs and unrealised savings. The council has suggested that the impact for the financial year 2020/21 could therefore be in the region of £30 million. In common with other councils, Aberdeenshire is considering potential options to achieve financial balance and this will require stronger leadership from elected members.

A 15 year capital plan is updated annually

65. A 15 year capital plan is prepared annually as part of the budget-setting process. In March 2020, the council approved £975 million of capital expenditure in the period to 2035. The plan is fully funded and sets out the revenue implications. Exhibit 11 provides a summary of planned expenditure and shows that a significant proportion of the council's planned investment will be spent in maintaining and enhancing the existing asset portfolio.

Exhibit 11
Capital plan summary 2020-35
The majority of capital expenditure is intended to be on enhancement of existing assets rather than development of new assets.
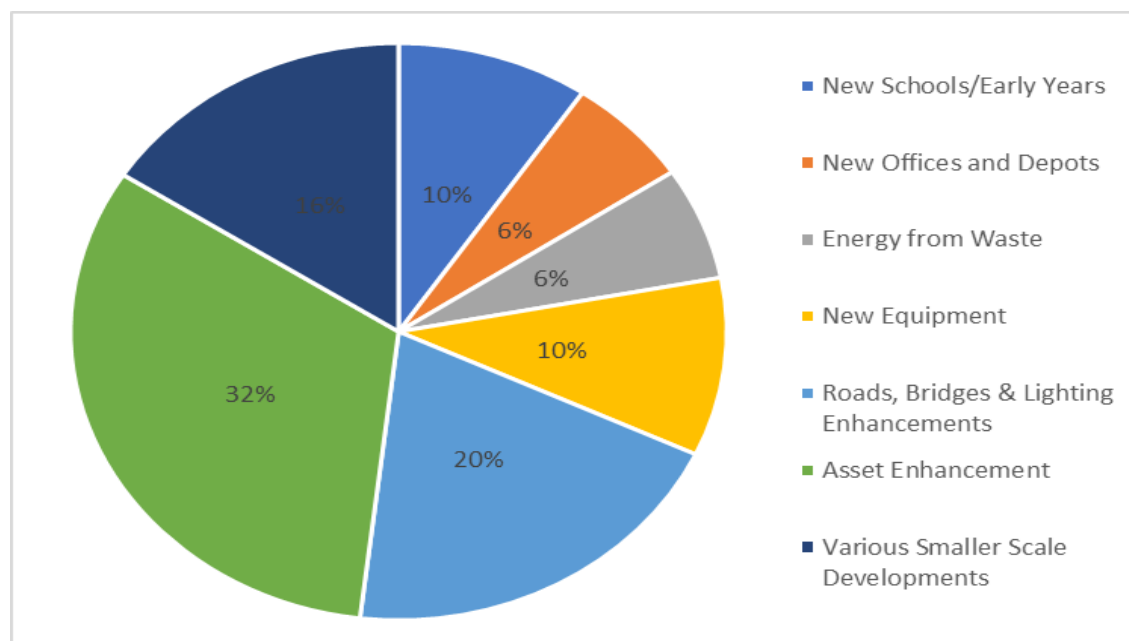
Source: Audit Scotland analysis of Aberdeenshire's Capital Plan 2020-35

Reserves have largely decreased due to planned use

66. One of the key measures of the financial health of a local authority is the level of reserves held. In the period since 2012/13, the council's total usable reserves have fallen by £26.9 million or 35.3 per cent. Whilst this reflects planned use of both revenue and capital reserves, it also includes some unplanned use – largely additional contributions of £5.5 million to the Aberdeenshire Integration Joint Board (IJB) to meet the council's share of IJB revenue budget overspends. In common with other IJBs, these overspends are as a result of demand-led pressures and the IJB has been working with the council and NHS Grampian to refresh its medium term financial strategy to address this.

67. The council reviews the level of its uncommitted reserves when setting the budget each year and in March 2020 agreed a minimum working balance of £9.0 million, representing 1.5 per cent of the 2020/21 net revenue budget, to be held as a contingency fund to meet unexpected expenditure. There is no prescribed minimal level of usable reserves. In setting a policy, councils take relevant risks into consideration but, typically, minimum uncommitted general fund balances are two to four percent of net revenue budget.

68. Exhibit 12 presents the council's 2018/19 usable reserves position in relation to the gross cost of services in comparison with other Scottish councils for 2018/19. This shows that the council holds a low level of reserves in comparison with other Scottish councils.

Exhibit 12
Total usable reserves as a proportion of gross cost of services
Aberdeenshire Council has among the lowest levels of usable reserves in Scotland
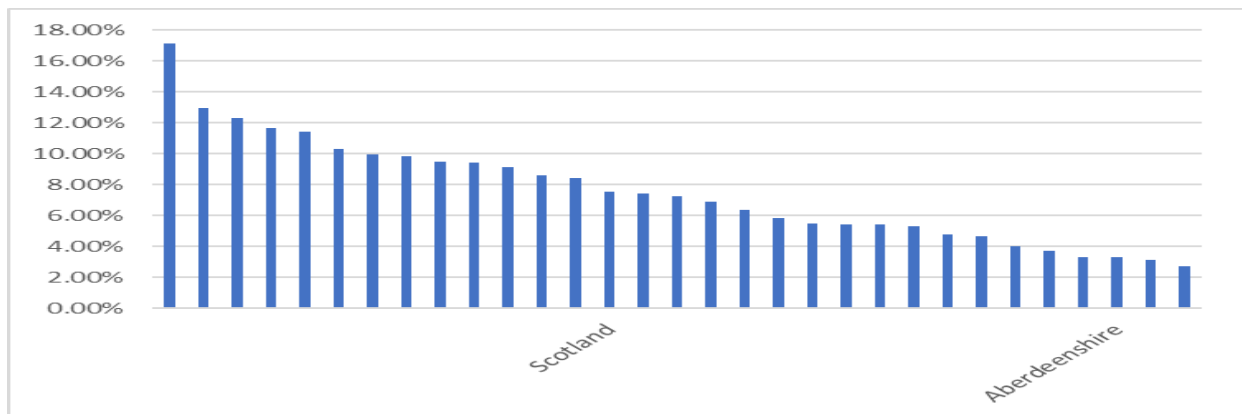
Source: Scottish councils' audited annual accounts 2018/19 (excluding Orkney Islands Council and Shetland Islands Council)

The council approved a carbon budget to support its climate change commitments

69. In 2019/20, the council approved its third carbon budget, alongside its revenue and capital budgets. The carbon budget sets carbon emission targets for each directorate, with the aim of reducing these in line with climate change target reductions set by the Scottish Government of 75 per cent by 2030 and net zero by 2045. Progress against the carbon budget is reviewed by the council's sustainability committee which is responsible for matters relating to sustainable development and climate change. We believe that Aberdeenshire Council is leading the way by budgeting for carbon reduction.

The council has been slow to develop a strategic workforce plan

70. The council has an ageing workforce, with 44 per cent aged 50 and over and only 10.6 per cent aged under 30. It also faces a range of recruitment and retention issues, mostly because of the rurality of the council area and competition with the oil and gas sector.

71. The council recognised that it needs to develop a more strategic and formalised approach to workforce planning. It began developing a new corporate workforce strategy, Our Future Workforce, in October 2018 which was approved by the Business Services Committee in February 2020. The strategy is a high-level document, setting out the council's overarching vision for its workforce. It is described by the council as a 'gateway document to formalising and commencing workforce planning in Aberdeenshire Council' and represents a first step towards a more strategic approach.

72. It is disappointing that the council did not take the opportunity to produce a more detailed and strategic corporate workforce strategy at that point. A significant amount of work had been undertaken by the strategy group to understand the workforce and this could usefully have been incorporated into the corporate strategy, for example, detail on the size and make-up of the current workforce, workforce challenges and initial thinking and projections of what the workforce should look like in the future to meet the changing demand for services.

73. Only the Aberdeenshire Health and Social Care Partnership produces a service-level workforce plan, which is updated annually. Other services have tended to carry out workforce planning as required, usually in response to specific recruitment and retention challenges. The council has also implemented a range of initiatives to improve teacher recruitment and retention (Case study 2).

Case study 2
Teacher recruitment and retention remains a challenge

Aberdeenshire has had longstanding difficulties with teacher recruitment and retention. In 2014, eight councils formed the Northern Alliance which was initially a forum to raise teacher recruitment issues with the Scottish Government. More recently it has become the northern Regional Improvement Collaborative (RIC). The council has experienced significant challenges with recruiting primary school teachers in the north of Aberdeenshire (Banff, Huntly, Fraserburgh and Peterhead). Across Aberdeenshire there is also a shortage of secondary school teachers for maths, science, home economics and technical subjects.

The council has implemented a range of initiatives to address the challenge of teacher recruitment with some success.

- The Distance Learning Initial Teacher Education (DLITE) programme is a partnership with the University of Aberdeen. It allows Aberdeenshire residents to do their primary teacher training part-time over 18 months including an 18 week placement in an Aberdeenshire school. DLITE has been running since 2014 and won a COSLA Excellence Award in 2017. Eight students commenced their year as a probationary teacher in August 2020 and ten new students started in January 2020.

- The Aberdeenshire Student Incentive Scheme for Teaching (ASIST) is also run in partnership with the University of Aberdeen. The four-year programme guarantees students two years employment in an Aberdeenshire secondary school after their probation year. Thirteen students recently completed the programme and moved into their probation year in August 2020.

- The council has used a relocation incentive scheme for teachers in addition to the corporate relocation scheme. This allows new teaching staff to claim a £5,000 advance with their first salary.

- In October 2019, the Director of Education and Children's Services used his delegated authority to share one head teacher across two primary schools. This approach has previously only been used when vacancies could not be filled but will now be routinely considered when a vacancy arises.

While teacher numbers have remained broadly stable since 2016, the council struggles to fill vacancies, particularly for unpromoted posts. For example, between October and December 2019, the council published 101 advertisements for unpromoted teaching posts (this may include vacancies advertised multiple times), but only filled 15 posts. Each year, probationer teachers make up approximately six to seven per cent of primary school teachers and two to four per cent of secondary school teachers. Schools work with probationers to encourage them to continue to work in Aberdeenshire and the council is considering further options to attract more local people into teaching.

Source: Aberdeenshire Council

74. Currently, there is little evidence of services planning their workforce in the medium to long-term. The workforce strategy was accompanied by a revised workforce planning toolkit to assist services in putting workforce plans in place by March 2021. The toolkit provides guidance for services on effective workforce planning including the need for horizon scanning of what services will look like in the short, medium and long-term in order that plans for workforce needs and skills can be developed.

The council is using Foundation Apprenticeships to develop its future workforce, improve educational attainment and support the local economy

75. The council has a strong focus on encouraging recruitment of staff from within the Aberdeenshire area to 'grow its own' workforce. For example, it has worked with Robert Gordon University to develop Graduate and Foundation Apprenticeships.

76. In response to the national 'Developing the Young Workforce' agenda, the council has undertaken significant work to develop Foundation Apprenticeships. The council itself has appointed over 200 pupils as Foundation Apprentices, in a wide range of frameworks, from schools all over the area. In particular, in 2019/20 there were around 100 pupils undertaking Foundation Apprenticeships in Children and Young People, supporting Early Years provision. It is hoped that this will encourage these pupils to see this as a long-term career choice, in an area that the council has found hard to recruit to in the past.

Different approaches are being adopted to improve staff engagement

77. The council ceased staff surveys a few years ago as there was little change in the results year on year and opted to explore alternative approaches to staff engagement. Pathfinder, a new employee engagement survey, has been developed. This consists of a core set of nine corporate questions, plus additional service-specific questions. This was piloted with Business Services in early 2020. In addition, the council has a staff engagement strategy that is built around 'team talks'; not only do staff talk within their own teams but the chief executive, directors and other senior officers hold face-to-face and online events to engage with staff. During audit fieldwork, we met with trade union representatives and no issues of concern were raised with us.

78. In 2016, the council set up a staff working group to consider what it meant to be working as 'One Council'. This involved a series of interviews with a small number of staff from across the council. These highlighted a wider 'One Aberdeenshire' approach as to what employees valued in the way that the council worked with external partners to deliver services. At this stage it was decided to significantly upscale the level of staff engagement, with around 600 staff getting involved. In addition to more traditional interviews and workshops, staff engagement also took place via social media and Yammer.

79. This led to the development of a set of 'One Aberdeenshire' principles which set out the 'cultural aspirations' of the workforce. We identified strong support for these principles during our audit, including from trade unions and noted that their use is embedded in the recruitment process and appraisal discussions.

80. Since the Covid-19 outbreak, the council has used a staff mobilisation app to identify available staff with appropriate skills who can be redeployed to address increases in demand. This has helped in minimising additional cost.

The council's approach to procurement is achieving benefits

81. Aberdeenshire Council shares a procurement service with Aberdeen City Council and Highland Council. The shared procurement service commits to achieving £21 million in efficiency savings across the three councils over five years. Annual procurement reports outline that after three years, Aberdeenshire has achieved efficiencies of £5.6 million and therefore its target is on track to being delivered.

Foundation Apprenticeships offer young people in S5 and S6 the chance to undertake a basic apprenticeship that mixes classroom learning (in school or college) with practical work experience in 12 national industry sectors. The apprenticeships are delivered as part of the S5/S6 curriculum alongside traditional Highers.

The aim is to provide young people with work experience in an area they are interested in and to help them to develop 'employability' skills. Successful completion of an apprenticeship is seen by all Scottish universities as equivalent in stature to a Higher and counts towards a council's tariff score.

Source: Aberdeenshire Council

The key principles of 'One Aberdeenshire' are:

- Everyone brings their 'best self' to work every day.
- We are clear about what is expected of us and ask for clarity if unsure.
- We take informed decisions as close to the action as possible.

Source: Aberdeenshire Council

82. The council has completed two Procurement and Commercial Improvement Programme (PCIP) assessments. In the last assessment, carried out in 2018, the council's PCIP score increased from 71 per cent to 73 per cent. The council continues to operate in the top performance band (band F1).

83. Supporting local businesses in a key feature of the shared procurement service. Annual procurement reports show that the percentage level of spend with local businesses and local SME's has remained relatively consistent between 2016 and 2019. The LGBF shows that in 2018/19, Aberdeenshire Council committed 28 per cent of procurement spend on local enterprises. This is just below the Scottish average, and lower than the percentage spent by other similar councils.

84. All councils have to comply with the sustainable procurement duty in all regulated contracts. Twenty eight of the 31 regulated value contracts that were published in 2018/19 imposed community benefit requirements. In 2018/19, Aberdeenshire Council had a greater percentage of regulated contracts imposing community benefit requirements than other similar councils.

Part 4

Is the council working well with its partners?

Partnership working is a strength at the council. There is however a complicated landscape of plans with inconsistent timescales for delivery which makes it difficult to demonstrate whether outcomes for local communities are improving.

There is effective partnership working to support the regional economy including the delivery of the City Region Deal. In addition, there are constructive working arrangements with the health and social care partnership.

The council has a solid track record in public consultation but could do more to actively involve communities in decision-making.

The council works well with community planning partners to deliver Local Outcome Improvement Plan priorities

85. The council is one of five statutory partners in the Community Planning Partnership (CPP). The Community Empowerment Act requires the CPP to develop a local outcome improvement plan (LOIP) aimed at tackling the impacts of deprivation and the inequalities faced by those who live in these areas. In 2017, the partnership (Exhibit 13) made a conscious decision to streamline its activities by setting three priorities:

    - changing Aberdeenshire's relationship with alcohol

    - reducing child poverty in Aberdeenshire

    - creating connected and cohesive communities.

86. Strategic direction for the CPP is provided by the CPP Board whereas the CPP Executive coordinates community planning across Aberdeenshire, implementing tactical delivery of the agreed priorities and outcomes at Aberdeenshire level, and addressing barriers that arise. Three strategic lead partnership groups are each responsible for the governance and monitoring of one LOIP priority and associated action plan, and for ensuring that partners take ownership of agreed actions.

Exhibit 13
Community Planning in Aberdeenshire
The council participates at a number of levels as part of community planning

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                         │    Community    │
                         │    Planning     │
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  ┌──────────────────────┐                   ┌──────────────────────┐
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  │     Partnership       │                   │ Planning Groups       │
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│Changing││Connected││Reducing │ │  2016-19     │        │  From 2021   │
│Relation││& Cohesive││Child    │ │ (extended to │        │              │
│ship with││Commun-  ││Poverty  │ │   2021)      │        │              │
│Alcohol ││ities    ││         │ └──────────────┘        └──────────────┘
└────────┘└────────┘└──────────┘        │                       │
   ┌─────────┬──────────┐        ┌──────────────┐        ┌──────────────┐
┌────────┐┌────────┐┌──────────┐ │ 6 Area based │        │17 Community  │
│Peterhead││Fraserb-││Banff/    │ │    Plans     │        │ Place Plans  │
│Locality ││urgh    ││Macduff   │ └──────────────┘        └──────────────┘
│Plan    ││Locality││Locality  │
│        ││Plan    ││Plan      │
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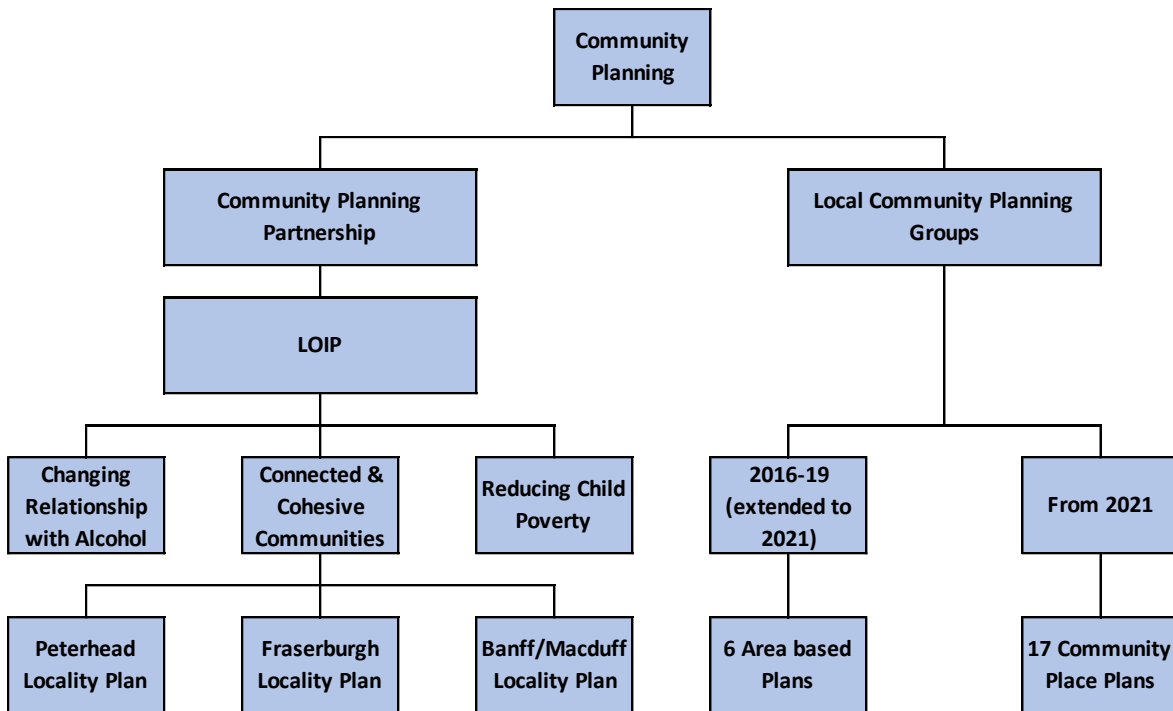
Source: Aberdeenshire Community Planning Partnership

87. By way of example, despite high employment rates in the area, the council had been aware of the considerable level of 'in work' poverty especially in rural areas and the impact this has on children. A Tackling Poverty and Inequalities group was established to bring partners together to address child poverty. For example:

- locating support workers in general practices in Peterhead and Fraserburgh to spot signs of poverty and provide 'signposting' to available support

- building connections between agencies in Banff and Macduff, networking with the third sector and holding public engagement 'one stop shop' sessions

- online engagement with a number of families across Aberdeenshire with 'lived experience' of poverty as a means of reducing the stigma attached to being in poverty and encouraging more conversations.

## One out of three expected locality plans has not yet been published

88. The Community Empowerment (Scotland) Act 2015 required CPPs to develop locality plans by October 2017 to tackle inequalities in their most disadvantaged areas. CPPs have the discretion to choose which localities have the most need and therefore the number of plans they are required to put in place.

89. Three areas were identified in Aberdeenshire – Peterhead, Fraserburgh and the combined towns of Banff and Macduff. Plans for Peterhead and Fraserburgh were produced in 2017 and 2019 but the third plan, covering Banff and Macduff, has not yet been agreed. The locality plans have been developed

having considered existing plans in place for Peterhead and Fraserburgh. A separate plan with expected outcomes has been produced for Fraserburgh but Peterhead's plan is based around the complex array of existing plans for the town as illustrated in Exhibit 14. It is therefore unclear how performance will be measured in respect of Peterhead's outcomes.

Exhibit 14
Plans impacting on Peterhead
There is a complex array of plans in place for Peterhead.
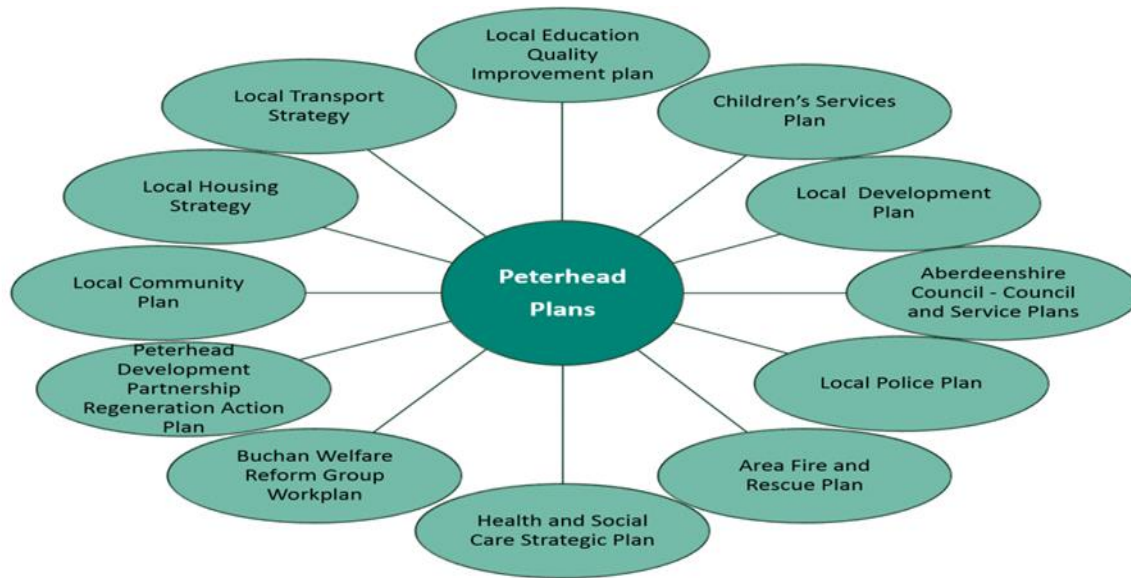
Following a range of engagement activity, nine outcomes were agreed for Peterhead and priorities were identified. The subsequent locality plan was prepared having considered the range of existing plans in place for Peterhead and identified any inequalities gaps that need to be addressed as part of the locality plan. In total, 29 specific actions were agreed. Although there is a governance structure in place for each plan affecting Peterhead, as illustrated, there is little evidence of a performance framework in place and therefore it will be difficult to demonstrate how the agreed outcomes have been achieved. Progress is recorded and is fed back to the connected and cohesive communities lead but this is largely a narrative of action taken rather than the use of measures and targets to demonstrate achievement.

Source: Aberdeenshire Community Planning Partnership

The council has been slow to refresh its local community plans

90. Each of the six areas has a local community planning group (LCPG) with a local community plan. LCPG's are chaired by the relevant area manager and its membership includes the area committee chair. The local community plans were developed in 2016 and were initially intended to cover the period to 2019. It is now proposed to replace these local community plans with 17 place-based community plans which will be aligned with the council's 17 secondary school catchment areas. Development of the new plans has taken longer than anticipated and therefore the existing local community plans will be extended through to 2021 at least.

91. Local community plans have been crucial in establishing service requirements within each area and promoting good partnership working and community engagement at a local level. Area managers confirmed that while there are good levels of partnership working locally, the diversity in some areas can be so significant that it is difficult to combine the needs of different communities within a single local community plan. Consequently, it is not always clear how the local plans link with the LOIP.

Partnership working is a strength at the council. It has a strong culture of working in partnership but needs to demonstrate how this improves outcomes for communities

92. We got a strong sense from members and officers that Aberdeenshire Council does business by working in partnership both strategically and within communities, building on the 'One Aberdeenshire' principles. Case study 3 provides examples of occasions when the council worked well with communities in challenging times.

Case study 3
Working with communities - coming together when it counts

Ballater Recovery Plan: 'Working with the local community to restore Ballater to normality'

In December 2015, persistent rainfall in the aftermath of Storm Frank resulted in widespread and large scale flooding. The worst affected area was Ballater which was submerged in water after the River Dee burst its banks. Homes and businesses were evacuated and buildings, roads and bridges sustained significant damage. The main A93 from the east was closed after part of the road was washed away. The flooding had a long-term and high-cost impact on the local infrastructure and communities.

Operating during 2016, the recovery response was led by the Marr Area Manager through the community and business liaison groups which involved nearly 20 organisations. Local volunteers, unpaid work teams coordinated through the criminal justice service, and the army helped with the massive clean-up operation. Overall, £12 million was spent including around £1 million in relief to 1,000 homes and businesses in the Marr Area.

Aberdeenshire New Scots

In 2019, the council achieved a target set in 2015 to resettle 58 families (200 people) into Aberdeenshire via the Syrian Relocation Schemes in conjunction with COSLA, the Home Office and the United Nations High Commission for Refugees.

The successful programme was developed through a partnership which has evolved since 2015 and includes the council and partners, refugee families (known as New Scots) and the wider community. A Refugee and Asylum Strategic Group (including the council and partners) oversaw the work of the Refugee Resettlement Team. In addition to housing need and location, account was taken of education, job opportunities and access to services.

The Al-Amal Project was set up by the New Scots to act as a voice and provide support for new families. In response, other community groups have set up the Friends of Al-Amal to help co-ordinate volunteering opportunities and bring other groups together.

The council has committed to continue this work through the development of its Refugee Integration Strategy and an intention to resettle an average of 12-15 families per year.

Covid-19 response – Grampian Coronavirus Assistance Hub

Working with partners through the Grampian Local Resilience Partnership, the council, in April 2020, set up the Grampian Coronavirus Assistance Hub which included a new website and a telephone helpline to manage and co-ordinate community assistance in one place for the whole of Grampian.

Over 3,000 volunteers and community groups registered with the hub and were available to provide support in their local communities. Calls into the hub from individuals seeking help were logged and a local volunteer was allocated to assist. On lockdown, the council closed its culture and sports facilities, and diverted some of the Live Life Aberdeenshire workforce to support the assistance hub.

Source: Aberdeenshire Council

93. The CPP prepares an annual report to highlight the work that has been carried out during the year to address the aims of the LOIP. The 2018/19 annual report states that it will 'highlight a number of performance indicators to illustrate whether the LOIP is achieving its outcomes as well as the gaps that remain. Targets will be identified for performance indicators to give a clear sense of aims and allow the CPP to assess whether as much progress is being made as it should be'. However, it is not at all clear from the annual report what these performance indicators are, what target performance is and where the council needs to do more.

94. Significant activity is taking place as part of the LOIP and local community plans, but there is little evidence to demonstrate that this is having a positive impact on communities. Criteria need to be developed by the council and its partners to measure the impact of working together and demonstrate how this improves the outcomes for communities.

Good progress has been made in implementing some aspects of the Community Empowerment Act but it is not yet fully embedded

95. The Community Empowerment (Scotland) Act 2015 aims to give communities more influence over how the council and its community planning partners deliver services. It provides formal routes for communities to become more involved, including participatory budgeting, participation requests and community asset transfer.

96. For many years the council has undertaken a budget consultation exercise and provided an online budget simulation tool to seek public involvement. The feedback from this exercise regularly informs the budget setting process. Participatory budgeting is a means of giving communities a more direct say in how money is spent locally. Since 2017, there have been several participatory budgeting exercises, including those in Peterhead and Fraserburgh under the banner of 'Your Voice, Your Choice' where local groups could apply for funding of up to £10,000 per project and the final decision was made by a public vote.

97. An external evaluation of one of the exercises found that the council needs to consider what it wants to achieve before proceeding with participatory budgeting. As yet, there has been no council-wide agreement on whether to develop participatory budgeting, but it has been proposed that a member officer group might be an appropriate way to develop a corporate approach.

98. The council has a long history of actively working with communities to deliver asset transfers and lease arrangements. Since 2010, the council has sold 16 properties to community groups at a nominal value and a further 45 properties are the subject of long-term lease arrangements with community groups at nominal amounts.

99. The council has clear guidance to manage the statutory community asset transfer process that was introduced in 2015. Area managers support community groups throughout the process. This includes working with groups to develop their proposals and ensure that the asset transfer will be sustainable. Between 2017 and 2019, the council received 31 expressions of interest and 15 formal asset transfer requests of which only one has been declined.

100. The council also provides clear guidance for communities interested in making a participation request. During 2018/19, only one participation request was received. It was submitted jointly by two community councils, seeking involvement in work to improve and encourage participatory budgeting.

The council has a solid track record in public consultation, but could do more to involve communities in decision-making

101. The council has a Consultation Code of Practice that sets out its approach to conducting 'genuine, meaningful and effective' public consultations. The council currently has separate consultation and community engagement strategies, but is developing a new community engagement and participation strategy which will be aligned with the National Standards for Community Engagement.

102. Consultation is only one form of community engagement, offering citizens an opportunity to give their views on a particular policy or issue. The National Standards for Community Engagement and the Community Empowerment (Scotland) Act focus on developing more collaborative forms of engagement, involving ongoing dialogue between communities and the council and joint decision-making. The council adopts a variety of methods of public consultation, including formal consultation exercises and online surveys with its citizens' panel. The council also conducts more participative local engagement events. Case study 4 describes some examples of consultation and engagement undertaken in recent years.

103. While the council is proactive in consulting with communities and does carry out some other forms of community engagement, there is less evidence of communities being actively involved in co-designing services. The council has, however, committed to involving the community in co-designing services to be provided at the new Peterhead Community Campus.

Case study 4
Community consultation and engagement in Aberdeenshire

Development of the council priorities

In 2017, the council carried out extensive public consultation while developing the council's priorities. Around 1,500 people took part either in online surveys or in the citizens' panel or attended local events held across Aberdeenshire. Feedback informed the development of the council's priorities and a range of reports were produced summarising the results including individual reports back to each of the six areas.

Tenant Participation Strategy

In 2019, the council consulted with communities using a variety of methods, including surveys that could be completed online or on physical copies placed throughout Aberdeenshire. Workshops were held with residents and elected officials to understand local priorities. Common themes that emerged included the need for improved communication and greater use of digital technology and the desire for more opportunities to attend training and more partnership working. As a result, the council developed a draft Tenant Participation Strategy and Action Plan that attempted to capture the points raised through the consultation. This draft strategy was presented to community groups to allow them to provide further comment on the strategy's priorities. A new strategy was approved by the council in September 2019. There was an acceptance that this strategy should be as local as possible in order to reach all parts of Aberdeenshire. The council will subsequently look to communicate through social media, including launching a digital app that will be developed with input from tenants. Training will also be provided to allow tenants to carry out their role. This was in response to the feedback provided during the consultation.

Aberdeenshire health and social care services minor injuries review

During 2018-19, a service review was undertaken in response to low levels of activity and the impact this might have on their ability to provide sustainable safe services. There are nine minor injuries units which provided services 24 hours a day, 7 days a week. The council undertook wide-ranging consultation and engagement to understand community need and existing service use through nine public events, involving over 1,000 people, and around 4,000 questionnaires. Attendance ranged from nine to 380 and the most well attended events were held in Aboyne, Banff, Huntly and Turriff.

Early in the review, action was taken to address potential risks in the out of hours service in Insch and Inverurie. A different approach was taken in Peterhead and Fraserburgh as these areas generally experience greater demand for services especially urgent care and out of hours services. Otherwise, the review identified that demand peaked in daytime hours with a reduction in activity out of hours. After further consultation and consideration of data, new operating hours were implemented depending on local need. In four out five cases, this meant a reduction in hours and more efficient use of staff resources.

Source: Aberdeenshire Council

There is effective strategic and local partnership working to support the regional economy

104. Following the downturn in the oil and gas sector in 2015, the Regional Economic Strategy was developed in partnership with Aberdeen City Council and Opportunity North East (ONE), a private sector-led economic development initiative. This strategy sets out a 20 year vision for the region to 2035 and aims to reduce the north east's reliance on the oil and gas sector by developing new technologies and innovation. A significant element of the strategy is the delivery of the Aberdeen City Region Deal and the recent completion of the Aberdeen Western Peripheral Route is expected to open up further opportunities to support growth in the local economy.

105. The Regional Economic Strategy Group includes key strategic partners such as Scottish Enterprise and the Chamber of Commerce and is responsible for monitoring the Regional Economic Strategy Action Plan. The council's responsibilities in respect of the Regional Economic Strategy Plan are set out in its Economic Development Action Plan 2017-23 against which an annual report is produced.

106. An important aspect of the council's economic development plan is its regeneration plans for the four 'North Coast' towns of Banff, Macduff, Fraserburgh and Peterhead. Business improvement districts supported by the council also operate in Inverurie and Peterhead. In addition, the council has adopted a 'Town Centre First' principle which aims to put the health of town centres at the heart of all decisions and criteria have been agreed for assessing potential projects to be funded by the Scottish Government's Town Centre Fund.

107. A network of rural area partnerships made up of local business and community representatives provides advice locally and act as a sounding board for the council. Local action groups have been set up for North and South Aberdeenshire to manage LEADER funding which is provided from the European Agricultural Fund for Rural Development and Scottish Government. The North partnership manages around £3.3 million and South £2.8 million, and both are focused on rural areas as opposed to the towns.

The council is working well with partners to deliver the City Region Deal

108. The Aberdeen City Region Deal was signed in December 2016 by Aberdeenshire Council, Aberdeen City Council, ONE and the UK and Scottish Governments. In total the deal will invest £826 million in the north east over the 10 year period to 2026. Aberdeenshire Council's contribution is £10 million and it also acts as the accountable body for the deal. At December 2019, approximately 41 per cent of the agreed investment had been received. The deal includes the following projects and levels of investment:

- Oil and Gas Technology Centre, £354 million. The centre became operational in 2017.

- Agri-Food and Nutrition Hub for Innovation, £20 million. The business case was approved in 2018.

- Bio-Therapeutics Hub for Innovation, £38 million, construction expected to commence in 2020.

- Digital Connectivity, £32 million (various projects).

- Aberdeen Harbour Expansion, £375 million. Completion has been delayed from 2020 to 2021.

- Strategic Transport Appraisal, £7 million

109. The City Deal Joint Committee has nine members and is responsible for delivering the deal. It receives quarterly financial updates on individual projects and status reports. At the end of 2019, the UK and Scottish Governments had released £55 million towards the deal while regional partners had contributed £249 million. ONE is the lead partner for the technology and innovation hubs and the Harbour Board is responsible for the harbour expansion.

110. Status reports provide a high-level account on the progress achieved against time, budget and resource using a RAG (red-amber-green) system. The February 2020 progress report highlighted some slippage across several projects, most notably the harbour expansion, due to problems experienced with the dredging programme. The Joint Committee produces an annual performance report which provides a commentary on each of the projects included in the deal.

The council operates a multi-level approach to deliver transport solutions based on local need

111. As a rural area, Aberdeenshire needs to have good transport links to support the local economy and reduce poverty and inequalities. The council initially implemented a Local Transport Strategy in 2012 and it currently focuses on effective travel and active travel. This is a good fit with the themes included in the National Transport Strategy which was launched in early 2020.

112. The council has good relationships with Transport Scotland and Sustrans at a national level and regionally, it is one of the partners in the North of Scotland Transport Partnership (Nestrans). Significant projects currently in progress in Aberdeenshire or recently completed in partnership with these bodies include the Aberdeen Western Peripheral Route which opened in 2019, the re-opening of Laurencekirk Railway Station and the Inverurie to Kintore cycle path.

113. A specific action plan has been developed to increase the reliability of journey times on the A947 Aberdeen to Banff road. This will support the regeneration of Banff and Macduff and also improve links for other communities along the route.

114. Locally, integrated travel town plans, supported by Sustrans, have been developed for Ellon, Huntly, Inverurie, Fraserburgh and Portlethen. The plans set out several proposals, from infrastructure developments designed to support more active and integrated travel, to softer interventions such as mapping, signage, events and promotional activities, that it is hoped will have a wider community benefit.

115. As the council is largely outwith the Inverness/Aberdeen/Dundee/Perth rail network, bus links provide the main form of public transport. The council participates in several local bus forums with bus operators and users and is represented at the North East Scotland Bus Alliance, a group that considers the wider regional bus network. The alliance has recently published a State of the Network assessment which is intended to act as a baseline to further develop the regional network. In 2020, the council published the findings of an extensive consultation that was undertaken to understand the bus link needs of communities throughout Aberdeenshire.

116. The council undertakes regular reviews of supported bus services to monitor and decide which routes should be supported. Performance framework data that takes account of, for example, passenger numbers, population, SIMD, availability of alternatives, access to health care and social needs is routinely used as part of the review.

There are constructive working relationships with the health and social care partnership

117. Aberdeenshire Integration Joint Board (IJB) is a partnership between NHS Grampian and Aberdeenshire Council. There is a strong ethos of partnership working across the public sector in the north east. The North East Scotland Partnership Steering Group provides the opportunity for NHS Grampian board members to meet with the chairs and chief officers of the three IJBs in the area. In addition, there are regular senior officer meetings involving NHS Grampian's chief executive and the council chief executive for the appropriate IJB area along with the relevant IJB chief officer and chief finance officer.

118. Significant work was carried out between 2017 and 2020 to produce the board's strategic plan for 2020-25. Originally planned for publication in spring 2018, the timetable was extended to enable a fuller programme of engagement and consultation to be undertaken.

119. An initiative known as Virtual Community Wards aims to avoid unnecessary hospital admissions by bringing together multi-disciplinary health and social care teams who provide care for patients in need of regular or urgent attention. Since 2016, approximately 1,500 patients who might otherwise have required a hospital admission have received appropriate care.

120. In its 2019 Annual Performance Report, the Aberdeenshire IJB had scores at or above the Scottish average on 16 out of 19 national indicators. Due to demand led budgets and rising costs, the IJB has sought additional contributions from partners each year. Although the additional amount involved has remained consistent year to year, this is not a sustainable position for partners in the longer term. The IJB needs to work with partners to drive out savings through further redesign of health and social care services.

Part 5
Is the council demonstrating continuous improvement?

Since the last review, the council has made limited progress in some key aspects of Best Value. Decisive action is needed to establish a more consistent culture of continuous improvement.

The council's approach to self-evaluation has been inconsistent.

The council has delivered a major programme of estate rationalisation.

The council's approach to self-evaluation has been inconsistent

121. The council uses 'How Good is our Council?' as its self-evaluation methodology to undertake an annual review. The most recent exercise was carried out in summer 2019 and focused on governance. Nine facilitated workshops were held with 55 participants including elected members and officers drawn from across the council.

122. Key pillars of good governance were covered including strategic direction and leadership. Participants were able to consider a range of issues including the transparency of decision making, how decisions link to council priorities, and the level of support and information provided to elected members, particularly in relation to budget planning and setting. Although an action plan was agreed, the monitoring arrangements were inadequate and the momentum was lost. The council's approach to self-evaluation has focused on corporate activities and this needs to be extended council wide to provide a more structured basis to support improvement.

The council has implemented a strategic change board supported by service transformation boards

123. The chief executive and directors meet on a quarterly basis as the strategic change board to oversee the council's large and complex projects. The board has taken time to develop and review the information it needs. Risks are managed and progress is monitored by means of a RAG (red-amber-green) dashboard. The format of the dashboard has improved over time and will continue to evolve.

124. In addition, each service has a transformation board and these have been in place for around two years. The boards aim to identify and implement structural and behaviour change, to use technology to streamline practices and become more efficient, and/or to seek ways of increasing income generation. The experiences and impact of the transformation boards have been mixed and roles are currently under review. The council should consider using the

boards as hubs to co-ordinate continuous improvement activities and assess the impact of change.

The council has undertaken a major programme of estate rationalisation

125. Around 2010, the council began to develop plans to rationalise its estate. Other than staff costs, property costs are the largest element of council expenditure. It was recognised that any savings in this area would support longer term financial sustainability, help the council reduce its environmental footprint and provide staff with a modern working environment. The council has reviewed all property types, and implemented strategies to reduce the number of depots, commercial property, halls and public conveniences. The area of the most significant change is however office accommodation.

126. In 2010, the council had around 100 operational offices across Aberdeenshire with 15 separate offices in Inverurie alone. There was no single point of public contact in Aberdeenshire's towns and little flexibility in the way staff could work. The council initiated the Office Space Strategy in 2011 to reduce the number of offices by half and to provide a single customer service point in all the main towns. Exhibit 15 provides a timeline of the major milestones in the project.

Exhibit 15
Timeline of Office Space Strategy
The council have undertaken a significant project to rationalise its offices.

September 2010	The council approves Corporate Asset Management Plan to ensure that the property portfolio is effectively utilised at all levels.
September 2011	The council approves the Office Accommodation Strategy. The intention is to rationalise offices with the aim of reducing the number from 98 to 53. The strategy sets out a plan to refurbish Gordon House and Woodhill House, to develop a new office in Peterhead and create service points in all major towns.
May 2015	Buchan House in Peterhead is opened and the accommodation is shared with Police Scotland.
November 2016	Office Space Strategy Working Group (OSSWG) is set up to consider proposals for the development of new headquarters in Inverurie, with further developments in Ellon and Stonehaven.
January 2017	The number of offices has decreased from 98 to 63.
January 2017	The council agrees a business case to build new headquarters in Inverurie to replace Woodhill House and Gordon House, along with refurbishment of offices in Ellon and Stonehaven.
April 2018	Following a change of Administration, the decision of January 2017 is reversed and the proposal for a new headquarters is dropped. Woodhill House is to be retained and the feasibility of sharing this space with other public sector partners is to be examined. Gordon House is to be released and a new office site developed at Inverurie Town Hall. Redevelopment of Ellon and Stonehaven is to continue as planned.
January 2019	The council approves the refurbishment of Viewmount office in Stonehaven.
March 2020	An update report for OSSWG outlines plans for Ellon, Inverurie and Woodhill House.
Summer 2020	**Impact of pandemic.**

Source: Aberdeenshire Council

127. Before the council could deal with the buildings, it needed to change the way staff worked. The workSMART programme introduced options to enable staff to work more flexibly when required and was supported by digital technology such as instant messaging and video conferencing, a booking system for hot desks, and the roll out of Office 2013 and more recently, Office 365. The ability to work flexibly helped the council to operate largely as normal during periods of severe winter weather and the recent Covid-19 pandemic.

128. The second stage of the programme enabled the council to consolidate office accommodation into a single customer service point in each of the main towns.

129. In March 2020, the Office Space Strategy Working Group were advised that the targets set in 2011 had been achieved (paragraph 126). The council had 50 operational offices and building projects were in progress in each of the main towns. A new office, shared with Police Scotland, has opened in Peterhead and plans are well advanced for sites in Inverurie, Ellon and Stonehaven.

130. Since 2010, the council has reduced its total operational estate by around 200 buildings as a result of the rationalisation programme. This has produced around £9 million in disposal proceeds and annual savings are estimated at £750,000. In addition,16 properties were sold at a nominal value to community groups.

The council has made limited progress since the last Best Value audit

131. The council has made limited progress since the last Best Value audit with the pace and depth of change being slow in some key areas, including the development of service-level workforce plans, benchmarking and arrangements to ensure effective monitoring of improvement activity (Exhibit 16).

Exhibit 16
A comparison of 2013 Accounts Commission findings and 2020 audit judgements
The council has made limited progress in some areas since 2013.

Accounts Commission Finding 2013	Controller of Audit judgement 2020	View
Strategic direction		
Continue to develop its leadership development programme and progress improvements in its corporate working.	The Chief Officers Change Programme is in place which provides a programme of seven workshops based on topics chosen by chief officers and co-developed with them. A leadership forum has been formed which meets twice a year and brings together the chief executive with managers from across the council.	Part 1
Develop service level recruitment and retention strategies in order to better manage its staffing levels.	Health and social care is currently the only service with a formal service-level workforce plan, but all services are expected to have one in place by March 2021. We would expect approaches to recruitment and retention to form part of these plans. There is evidence of other services considering workforce data and putting recruitment and retention initiatives in place, but not developing formalised recruitment and retention strategies. Most service level activity was largely in response to specific	Part 3

Accounts Commission Finding 2013	Controller of Audit judgement 2020	View
	issues as they arose rather than as part of a strategic approach.	
Performance		
Prioritise its improvement activity at corporate and service level.	The council has a range of performance and scrutiny data - six monthly performance reports, annual self-evaluation exercise (How Good is our Council?), scrutiny activity through the committee referral process, annual complaints reports, reputation tracker, etc, and at service level other information is collected. A more systematic process is required to demonstrate how improvement activity is used to drive performance. The implementation of strategic change and service transformation boards is aimed at ensuring that priorities are addressed. These boards are relatively new but could provide a useful channel to effectively manage improvement activity.	Part 2
Evaluate the impact of its improvement activity.	This area that still needs to be addressed by the council.	Part 2
Involve elected members in prioritising improvement activity and in scrutinising the impact of that activity.	Elected members are actively involved in significant projects and reviews through their participation in member/officer working groups, briefings and workshops. The council reviewed its scheme of governance in 2017 and introduced a scrutiny model that applies to all policy committees and area committees. This provides the opportunity for all elected members to initiate and be involved in scrutiny. This is not yet happening consistently.	Part 2
Systematically collect, monitor and report on benchmarking activity to help it identify where it needs to improve.	Progress in developing benchmarking has been limited, and a new process for directors to monitor LGBF indicators has only been introduced in 2020.	Part 2

Source: Audit Scotland

Recommendations

The council should:

Take decisive action to establish a consistent approach to continuous improvement across all its services and drive positive change for its communities by:

- **Reviewing its priorities and outcomes and including SMART measures and targets so that progress can be clearly demonstrated. (Paragraphs 18-20)**

- **Improving its approach to performance management by streamlining existing practices across services and supporting a culture of continuous improvement including the use benchmarking targets and family grouping data to provide elected members with a more rounded picture of the council's relative performance across services. (Paragraph 36) (Paragraphs 44-54) (Paragraph 131)**

- **Implementing an effective council wide approach to self-evaluation including robust arrangements for monitoring agreed actions. (Paragraphs 121-122)**

- **Reviewing the scrutiny arrangements to ensure there is sufficient public scrutiny and that it effectively supports continuous improvement. (Paragraphs 29-31) (Paragraph 131)**

- **Improving the performance of key services including educational attainment and housing relets. (Paragraphs 44-48) (Paragraph 59)**

- **Continuing to develop its corporate approach to workforce planning by setting out the numbers and skills of staff required in the medium and longer term and concluding service-level plans by March 2021 as intended. (Paragraphs 70-74) (Paragraph 131)**

- **Developing SMART criteria to assess the impact working in partnership has on improving outcomes, and consider whether the wide array of local plans is deliverable and demonstrates the best use of resources. (Paragraphs 92-94)**

- **Concluding the remaining locality plans as soon as possible. (Paragraphs 88-89)**

- **Continuing to develop area performance reporting that is timely and relevant at that level. (Paragraph 37)**

Appendix
Best Value audit timeline

May 2007 – Election – Liberal Democrat/Conservative administration formed

June 2008 – Audit of Best Value and Community Planning

December 2008 – Colin Mackenzie appointed Chief Executive

May 2012 – Election – Liberal Democrat/Conservative/Independent administration formed

September 2013 – Targeted Best Value

November 2014 – Jim Savege appointed Chief Executive

March 2015 – Scottish National Party/Progressive Alliance (Scottish Labour and Progressive Independent) administration formed

May 2017 – Election – Conservative/Liberal Democrat/Aligned Independent administration formed

Best Value Assurance Report

Aberdeenshire Council

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ACCOUNTS COMMISSION ✓

MEETING: 8 OCTOBER 2020

REPORT BY: SECRETARY TO THE COMMISSION

UPDATE REPORT

Introduction

1.   The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government, focussing particularly on the response to the Covid-19 pandemic.

2.   The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.

3.   The information featured is also available on the Accounts Commission member sharepoint site. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications

4.   Audit Scotland collects media coverage on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the key media stories regarding local government. Both are available through Audit Scotland SharePoint, on the Accounts Commission Members' Extranet. The usual Appendix on download statistics for published reports will be reintroduced in a future report.

5.   On 29 September the Accounts Commission published the Dundee City Council Best Value Assurance Report (BVAR). Dundee City Council is well led, with a clear vision for the future, and has a good understanding of the problems affecting many residents. However, the council must work with partners to move faster in addressing complex and deep-rooted problems such as poverty, inequality and drug-related deaths. The council needs to work with its partners to increase the pace of service improvement.

Other business

6.   On 11 September the Commission met with representatives of North Ayrshire Council to discuss the Best Value Assurance Report published on 30 June 2020. The Commission was represented by Tim McKay, Andrew Burns and Sophie Flemig (also present were Peter Worsdale of the Commission Support Team; Pat Kenny, Director, Deloitte and appointed auditor; and Mark MacPherson, Senior Manager, PABV, Audit Scotland). The Council was represented by councillors Joe Cullinane, Leader; John Bell, Deputy Leader; Marie Burns, Opposition Leader; Shaun Macaulay, Deputy Leader; and Tom Marshall, Opposition member; and Craig Hatton, Chief Executive. The Council considered the report at its meeting on 23 September. The Council unanimously agreed to note the report and a proposed action plan in response.

7.   On 21 September the Commission met with representatives of Moray Council to discuss the Best Value Assurance Report published on 27 August 2020. The

Commission was represented by Elma Murray, Stephen Moore and Pauline Weetman (also present were Paul Reilly, Secretary to the Commission, and Brian Howarth, Audit Director, Audit Scotland and appointed auditor).). The Council was represented by councillors Graham Leadbitter, Council and SNP Joint Group Leader; Shona Morrison, Council Convener and SNP Joint Group Leader; George Alexander, Councillors Open Group Leader; Tim Eagle, Conservative and Unionist Party Group Leader; Ryan Edwards, Moray Alliance Group Joint Group Leader and John Divers, Labour Group Leader; and Roddy Burns. Chief Executive; Rhona Gunn, Depute Chief Executive; and Denise Whitworth, Depute Chief Executive. The Council is due to consider the report at a special meeting on 7 October.

Audit Scotland

8. On 10 September Audit Scotland published their ['Equal pay review 2020'](#). The report found that across each of the diversity strands few instances of significant equal pay differentiation were identified. In the few instances where there was found to be any significant equal pay differentiation, after further examination there was no cause for concern since each instance was objectively justified – no unfairness or discrimination was identified.

9. On 23 September Audit Scotland published the ['Annual diversity report 2019/20' report](#). Audit Scotland has a greater level of diversity across the workforce when compared to the Scottish population more generally. 96.7 per cent of colleagues have chosen to declare their ethnicity with 89.9 per cent being white and 6.8 per cent Black, Asian or Minority Ethnic (BAME). Statistics reveal that around 96 per cent of the Scottish population report their ethnicity as white and approximately 4.6 per cent as BAME. In addition, 57.8 per cent of employees are women and 42.2 per cent are men. Recent Scottish population data shows 51 per cent of the population are women and 49 per cent are men.

Issues affecting local government

Scottish Government

10. Given that the Covid-19 emergency has meant a significant number of matters originating from the Scottish Government since the last meeting of the Commission, this section is divided, for ease of reference, into the following sub-sections:

    - Local government general
    - Economy
    - Health and social care
    - Education
    - Transport
    - Communities
    - Business
    - Covid-19 measures
    - Other matters

Local government general

11. On 31 August a [statement of intent](#) between subnational, regional and local governments across the world to protect biodiversity was agreed. It calls on the Convention on Biodiversity to take bold action to halt biodiversity loss. It also calls for greater prominence to be given to the role of subnational governments, cities and local

authorities in delivering a new global framework of targets, set to be agreed next year.

12. On 1 September the Scottish Government published a collection of [resources](#) to help public sector organisations embed cyber resilience into their supply chain processes.

13. On 2 September the Scottish Government published a [collection of links](#) to individual annual procurement reports published by public bodies.

14. On 8 September the Scottish Government published [statistics](#) on the Council Tax Reduction scheme for the quarter between April and June. There were 497,960 recipients in June, an increase of 1.6 per cent on April's figure. The total weekly income forgone by local authorities in June was £7.334 million.

15. On 11 September the Scottish Government announced local authorities and over 25 community regeneration projects will receive a share of £30 million [funding](#) for regeneration and town centres. Funding will be provided through the Regeneration Capital Grant Fund and the Town Centre Fund and will support projects including the Govanhill Baths refurbishment in Glasgow and Midmills, which will support cultural social enterprises in the Highlands. Allocations of the [Town Centre Fund](#) and the [Regeneration Capital Grant Fund](#) have been published.

16. On 16 September Kevin Stewart MSP, Minister for Housing, [wrote](#) to local authorities and registered social landlords on meeting statutory and regulatory targets for social housing during the pandemic.

17. On 16 September the Scottish Government published [local financial returns](#), a series of detailed returns that collect final, audited expenditure figures for all local authorities, valuation join boards and regional transport partnerships on an annual basis. [Guidance](#) and a [summary](#) of changes have also been published.

18. On 17 September the Scottish Government published [guidance](#) to help public sector bodies understand and comply with state aid rules.

Economy

19. On 3 September the Scottish Government published the [initial report](#) by Sandy Begbie on how a youth guarantee can be taken forward. It outlines the challenges in the employment landscape for young people and actions that could be taken to address the potential impacts. It also highlights specific recommendations that can be actioned now, and others that can be introduced in three to six months' time. Recommendations include the stimulation of the demand side of the labour market by having government pay 50% of a young person's wages for 18 months; the acceleration of infrastructure projects; the adoption of the recommendations from the VIP Volunteering report; and an overhaul of governance structures to simplify the employability landscape.

20. On 15 September the Scottish Government published [information](#) on its workforce for each quarter from 2012. The [statistics](#) cover the numbers of workers, staff sickness rates, and diversity of staff up to the most recent quarter ending June.

21. On 15 September the Scottish Government released [statistics](#) on public sector employment for the second quarter of 2020. In [June](#), there were 565,600 people employed in the public sector, accounting for 21.2% of total employment.

22. On 15 September the Scottish Government published the latest [labour market trends](#) for September. Scotland's unemployment rate increased to 4.6% during the quarter and is higher than the UK rate of 4.1%.

23. On 15 September the Scottish Government [wrote to all public bodies](#), including the

Accounts Commission, reiterating the value that procurement can play in dealing with the economic impact of Covid-19.

24. On 16 September the Scottish Government published the first estimate of Scotland's GDP for quarter two of 2020. It covers the effects of lockdown on the Scottish economy. GDP contracted by 19.4% compared with the overall UK total of 20.4%. Compared with the same period last year, Scottish GDP contracted by 21.1%. The data is subject to more uncertainty than usual because of the difficulties caused by the pandemic and measures taken in response. The government has highlighted the key findings. The Scottish Government has also published statistics on employment, unemployment and inactivity for young people aged 16-24 years in Scotland and the UK from July 2019 to July 2020. Findings include that in this period 299,000 young people were in employment in Scotland, 5.9% lower than the year prior, while unemployment was 5,000 less at 37,000. 231,000 young people were found to be economically inactive in Scotland, an increase of 34,000 on the year before.

25. On 17 September the Scottish Government published analysis exploring the costs and benefits of extending the furlough scheme. The paper found extending the scheme until the end of June 2021 could save 61,000 jobs in Scotland at a cost of around £850m. It argues that the wider economic benefits of the move, such as increasing GDP, would justify the cost of an extension. Statistics published yesterday also revealed 15% of the Scottish workforce is still on furlough.

26. On 23 September the Scottish Government published experimental GDP estimates for July 2020, which indicate a 6.8% increase from June. GDP remained 10.7% below the level in February, with over half of the lockdown fall recovered. There was further growth in the services, production and construction sectors but all remain below pre-lockdown levels.

27. On 24 September the Scottish Government published a report on the estimation of the wider economic impacts of the aquaculture sector in Scotland. The report estimates the sector contributed approximately £885 million to the wider Scottish economy and supported 11,700 jobs in 2018.

28. On 25 September the Scottish Government published its draft Infrastructure Investment Plan for Scotland 2021-22 to 2025-26. The plan sets out a vision for future infrastructure to support Scotland's resilience and enable an inclusive, net-zero emissions society. The plan focuses on adopting and building on the recommendations of the Infrastructure Commission for Scotland's phase 1 report and includes more than £8 billion for environmental sustainability and the transition to net-zero emissions, including £250 million for forestry and peatlands; almost £5 billion to boost inclusive economic growth, including £500 million to extend full fibre broadband to rural areas and £30 million for the National Islands Plan; and more than £11 billion for cities, towns, villages and rural areas, including £275 million for town centres and nearly £2 billion on health infrastructure and equipment.

29. On 25 September the Scottish Government published the capital spending review framework 2021-22 to 2025-26, which supports transparency within parliament, local government and other partners about the fiscal context, and financial assumptions, in advance of publishing formal multi-year capital budget allocations.

Health and social care

30. On 31 August the Scottish Government published its response to the UK Migration Advisory Committee call for evidence on the shortage occupation list. The response claims the social work and resident care sectors are heavily reliant on migration and the system proposed by the UK Government would leave the social care sector

critically short of staff.

31.   On 1 September the Scottish Government published advice for parents and carers on how Covid-19 symptoms differ from those of other infections circulating at this time of year. In an open letter to parents from Jason Leitch, National Clinical Director of Healthcare Quality and Strategy, advice is provided on when children should be tested for coronavirus. Testing is recommended for a continuous cough, fever, or loss of or change in the sense of taste or smell.

32.   On 1 September the Scottish Government announced more contact tracers are to be recruited by the National Contact Tracing Centre to contact people travelling to Scotland where quarantine is required. An additional £1m has been confirmed to recruit and train up to 25 new contact tracers. Currently the centre has been contacting around 600 passengers per week.

33.   On 1 September Public Health Scotland released statistics on cancelled planned operations in July. There were 11,224 planned operations across the month, an increase of 60.7% from June but a decrease of 58.3% from July 2019. A total of 699 operations were cancelled, representing 6.2% of the total. Of those, 185 were cancelled by the patient, 345 by the hospital based on clinical reasons, 143 by the hospital due to capacity or non-clinical reasons and 26 for other reasons.

34.   On 1 September Public Health Scotland published information on children and adolescent mental health services waiting times for the quarter ending Tuesday 30 June. During the quarter, 3,561 children and young people started treatment, a 13.6 per cent decrease from the previous quarter. There was also a decrease in the number of children and young people seen within 18 weeks (59.3 per cent).

35.   On 2 September the Scottish Government commissioned an independent review of adult social care, which is due to report by January 2021. As noted in the press release and the review's terms of reference, former Auditor General, Caroline Gardner will be a member of the expert panel. The review will also build upon work by Audit Scotland on the progress of health and social care integration.

Education

36.   On 26 August the Scottish Government, in response to a Parliamentary question, published a table on the allocation of laptop devices to schools by local authority.

Local authority	Number of devices
Aberdeen City	1447
Aberdeenshire	2725
Angus	1111
Argyll and Bute	800
Clackmannanshire	674
East Ayrshire	1366
East Dunbartonshire	815
East Lothian	407
East Renfrewshire	590
Fife	4139
Glasgow City	300
Highland	3248
Midlothian	1235
North Ayrshire	750
South Ayrshire	1200
South Lanarkshire	1792

Stirling	1528
West Dunbartonshire	358

37. On 2 September the Scottish Government published guidance on Covid-19 for higher and further education institutions and student accommodation providers.

38. On 7 September the Scottish Government opened a further consultation on data sharing by public authorities. It focuses on devolved secondary legislation relating to powers in the Digital Economy Act 2017 to share data in connection with public sector debt and fraud. The consultation follows an earlier consultation on the topic this year and covers additional bodies. The deadline to respond is Friday 6 November. It is not proposed to respond to this consultation.

39. On 8 September the Scottish Government published details of the allocation of £30m for the recruitment of additional teachers in local authorities.

40. On 8 September the Scottish Government published the School Estates Statistics 2020 and the School Healthy Living Survey Statistics 2020. The proportion of schools reported as being in good or satisfactory condition in 2020 has increased to 89.9%, up from 88.3% in 2019. However, the proportion of pupils who took a school meal in 2020, free or paid for, decreased to 53.3.% from 54.5% in 2019.

41. On 14 September the Scottish Government announced a new support package for school staff during the Covid-19 outbreak. New support will be offered to school staff as part of a £1.5 million package to help manage additional pressures as a result of the Covid-19 pandemic. The package, developed in partnership with organisations represented on the Education Recovery Group, will include mental health support, professional learning opportunities for post-probation teachers, and mentoring for those who need it most.

Transport

42. On 11 September the Scottish Government awarded £9.46 million in funding to ten active travel and low carbon projects through the Low Carbon Travel and Transport Challenge Fund. Recipients include the Isle of Gigha Heritage Trust, which will receive £593,000 to hire a fulltime ranger, construct and upgrade an 8km network of paths across the island and buy bikes and e-bikes for rental at the ferry slip. The funding also includes £7.21 million through the European Regional Development Fund to help establish ten active travel and low carbon transport hubs or projects.

43. On 18 September the Scottish Government launched the £2 million Low Emission Zone Mobility Fund, which will offer cash incentives and vouchers to incentivise the removal of non-compliant vehicles. Administered by Energy Saving Trust, the means-tested programme will provide households with a grant of £2,000 to incentivise removal of a non-compliant vehicle, and will also offer up to two £500 mobility grants or Travel Better vouchers to purchase a bike, e-bile or public transport voucher. The fund also provides a flat incentive of £2,500 to microbusinesses to replace non-compliant cars or vans with a compliant vehicle or to invest in an alternative mode of transport such as an e-cargo bike. £1 million will also be made available in 2020-21 to support the retrofitting of light goods vehicles, heavy goods vehicles and taxis through the LEZ Retrofitting Fund for micro-businesses.

Communities

44. On 31 August the Scottish Government announced that it will allocate £2.4 million to advice organisations to help people with problem debt. The investment will help projects offer face-to-face advice using video calls and those aimed at moving debt

solution processes online.

45. On 31 August the Scottish Government laid legislation to enable the delivery of the new child winter heating assistance payments. Families who receive the highest rate care component of disability living allowance for children will be given an extra £200 to help with their heating bills. Social Security Scotland will deliver the payments automatically to eligible families

46. On 1 September the Scottish Government published management information on the Scottish Welfare Fund and statistics on Discretionary Housing Payments to July.

47. On 14 September the Scottish Government launched a consultation on proposals for the regulation of short-term lets, which will form the basis of secondary legislation to be laid in Parliament in December. The proposals in the consultation include a mandatory licensing scheme to ensure that all short-term lets are safe and to address issues faced by neighbours. If passed, these regulations would come into force by April 2021. The consultation will close on Friday 16 October. It is proposed not to respond to this consultation.

48. On 15 September the Scottish Government published the annual report and key findings for the 2019 Scottish Household Survey. The survey found concern regarding the environment continued to grow – particularly among young people – and that internet access reached a record high of 88%. 94% of adults felt their neighbourhood was a good or fairly good place to live and satisfaction in housing was high. However, satisfaction with local schools and public transport increased slightly but remained mixed, at 73% and 68%, respectively.

49. On 18 September the Scottish Government published research on the impact of Covid-19 on communities and priorities for recovery. It summarises feedback received from organisations working in communities. It includes feedback on the impact of the pandemic on economic security, social interactions and loneliness, community cohesion, safety, trust in government and skills, learning and development. Suggested priorities for the short and longer term focused on mental health and financial issues for different groups. Longer term priorities focused on creating a sustainable and inclusive economy, tackling inequalities, and for more integrated and sustainable models of services across sectors.

Business

50. On 31 August the Scottish Government announced emergency funding of £59 million for the culture and heritage sectors to protect jobs and mitigate the impacts of the coronavirus pandemic. A new £15 million Culture Organisations and Venues Recovery Fund will provide support to a range of businesses including art galleries, comedy venues, dance companies and nightclubs. The funding will also include £21.3 million for Historic Environment Scotland to protect jobs and support the reopening of properties in its care. In addition, £5 million will be provided to help creative freelancers and £3.5 million will be given to independent cinemas.

51. On 3 September the Scottish Government announced £4m of initial funding for the establishment of five technology hubs. The hubs will be tasked with supporting at least 300 start-ups by 2025.

52. On 4 September the Scottish Government published its monthly business turnover index for July. The index provides an early indicator of business activity in Scotland based on survey data used for GDP statistics. There was an increase in business activity between June and July, but total output remains lower than last year.

53. On 14 September the Islands Green Recovery Programme, a £2m fund to support the economic recovery of islands communities from the coronavirus pandemic, opened for applications. Part of the funding will be used to help independent food retailers remove the need for disposable packaging, with sustainable travel initiatives, climate change projects and projects to improve local supply chains also eligible to apply.

Covid-19 measures

54. On 24 August the Scottish Government announced that it has taken the decision that, subject to the agreement of Parliament, Part 1 of both Coronavirus Acts should be extended, to 31 March 2021. This means that the provisions which extend the duration of Planning Permission, Listed Building Consent and Conservation Area Consent are to be extended beyond the current expiry dates. The "emergency period" is, as defined in both Acts due to expire on 6 October 2020 with the "extended period" due to expire on 6 April 2021. The regulations amend the expiry of the "emergency period" to 31 March 2021 and the "extended period" to 30 September 2021.

55. On 1 September the First Minister announced new restrictions on households in East Renfrewshire, the City of Glasgow and West Dunbartonshire. Households in these local authority areas are not allowed to host other households and should not visit someone else's home. Visiting care homes in these areas will also be restricted to outdoor visits only and hospital visiting will return to essential visitors only.

56. On 10 September the Protect Scotland app became available to download. The app uses Bluetooth technology to anonymously alert users if they have been in close contact with someone who has tested positive for Covid-19 and advises them to self-isolate. Users of the app who test positive will still get a call from a contact tracer to confirm their details and who they have been in close contact with.

57. On 11 September the First Minister confirmed that the number of people who can gather indoors or outdoors, will be restricted to a maximum of six from two households from Monday 14 September. Children under 12 will be exempt from the limit, which also does not apply to other settings with sector specific guidance, such as gyms, childcare or organised sports. Other limited exceptions include places of worship and education, though it does apply to hospitality.

58.   On 15 September the Scottish Government wrote to all public bodies, including the Accounts Commission informing them that Scottish Government staff are likely to continue to work from home until 2021 at the earliest.

59. On 22 September the First Minister announced new restrictions in Scotland, including:

- Those that could work from home should do so. Employers who had encouraged staff to return were asked to rethink this approach and if necessary, a legal duty would be created to ensure continued home working.

- A 10pm curfew for pubs, bars and restaurants.

- Additional resources for environmental health officers and local authorities to step up inspection and enforcement.

- Visiting other households will not be permitted, with exceptions including those living alone, living alone with children, non-cohabiting relationships and informal childcare. Meeting one other household in indoor public places or outdoors, subject to the rule of six, could continue.

- Sharing car journeys for more than one household should not take place.

60.   On 24 September the First Minister wrote to the Prime Minister calling for urgent four nation talks to ensure coronavirus transmission decreases. The First Minister

welcomed the agreement reached earlier in the week across the four nations to take action to introduce new restrictions. Nicola Sturgeon calls for the talks to address the further actions that may be necessary, the need to address the economic impact of the new restrictions and the arrangements that would need to be put in place if it was not possible to reach agreement between the four nations. She also mentions the devolved administrations limited ability to act as a result of lacking the necessary financial levers. She concludes by reiterating the Scottish Government's previous calls for the job retention scheme to be extended and further fiscal flexibility for the devolved administrations.

61. On 24 September the Scottish Government announced new restrictions for students living in halls of residences. University students have been told not to go to hospitality venues or parties this weekend in order to slow coronavirus outbreaks. They will not be allowed to socialise with anyone outside their household in student accommodation. Staff presence in accommodation will be increased and breaches of restrictions will be subject to disciplinary action. Students will also be required to download the Protect Scotland app. The number of cases in the University of Glasgow outbreak has risen to 172. There have also been cases at student accommodations in Dundee, Aberdeen and Edinburgh.

62. On 25 September the UK Government, Northern Ireland Executive, Scottish Government and Welsh Government issued a joint-statement on Covid-19 following a meeting of COBR this week. They warn the country is observing the start of a second wave and note the chief medical officers have jointly agreed to raise the alert level to four in response. They added they are jointly committed to responding quickly to localised outbreaks and providing effective test and trace services with the view to reaching a long-term treatment solution in the form of a vaccine.

63. On 28 September the Scottish Government published guidance for those living in student households. Students are encouraged to remain on campus if they are able to do so.

Other matters

64. On 3 September the Scottish Government launched a consultation on the role of devolved taxes and the fiscal framework in supporting the economic recovery from the coronavirus pandemic. The consultation will inform preparation of the 2021-22 budget. Ministers are also seeking views on longer term policy considerations. The deadline for submissions is Thursday 8 October. The Auditor General will not be responding to this consultation.

65. On 3 September the Scottish Fiscal Commission published its second fiscal update since the passage of the Budget Bill. It covers potential budgetary changes the Scottish Government will have to manage and the effects of coronavirus on the economy.

66. On 4 September the Scottish Government announced that it had awarded over £9.75 million to 19 bus and coach operators to retrofit 594 vehicle exhausts in 2020-21. The move will help to reduce emissions and improve air quality but will also benefit Scottish businesses which specialise in exhaust retrofitting. The retrofits will also achieve the latest Euro VI standard, which is the equivalent to emissions from a modern diesel bus.

67. On 10 September the Scottish Government launched its Green Investment Portfolio, which aims to promote market-ready projects that will help Scotland transition to a net-zero economy by 2045. Ten projects are seeking £1.16 billion in capital investment, with projects including a hydrogen development programme in Aberdeen and a plastic recycling project in Perthshire.

68. On 25 September the Scottish Government published the autumn budget revision for

2020-21. The revision is the second of three opportunities to revise Scottish Government portfolio budgets to take account of in-year movements to the budget. This year, this relates mostly to additional spending as a result of Covid-19 and related Barnett consequentials. It will increase the budget by £2.45 billion from £52.03 billion to £54.49 billion. An additional £1.8 billion will be allocated for health and social care, with a further £222 million to support public transport, an additional £190 million for business and the arts, and a £119 million increase for education. The changes are funded by £2.38 billion of Covid-19 consequentials generated by UK Government spending, £142 million of government savings and the reprioritisation of existing budget, plus £30 million from reserves.

Scottish Parliament

69.   On 1 September the Scottish Parliament Information Centre (SPICe) produced a summary of the responses to the Equalities and Human Rights Committee's call for views on race equality, employment and skills and its requests for information from public authorities.

70.   On 1 September Ruth Davidson MSP mentioned the Commission and Auditor General's performance audit on Early Learning and Childcare (ELC) in response to the Scottish Government's Programme for Government. Ms Davidson warned of a delay in recruitment in March ahead of the commitment of 1,140 hours of funded ELC. Ms Davidson urged the First Minister to use the pause in ELC rollout to recruit and support nursery nurses through training. Nicola Sturgeon argued some local authorities were already delivering the commitment.

71.   On 7 September The Scottish Government introduced the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill. The Bill makes the United Nations Convention on the Rights of the Child (UNCRC) part of the law in Scotland. The UNCRC is a treaty which protects the political, economic and cultural rights of children. The legislation will ensure public bodies act in accordance with the UNCRC and will give courts the power to decide if Scottish laws are compatible with the treaty.

72.   On 16 September Mike Rumbles MSP received a response to this parliamentary question that asked the Scottish Government what its response is to the request by Aberdeenshire Council for emergency funding to replace the bridges that have been damaged by flash flooding near King Edward, Banff. The Cabinet Secretary for Transport, Infrastructure and Connectivity, Michael Matheson issued the following response:

"Maintenance of the local road network is the responsibility of local authorities to allocate resources based on local priorities. The vast majority of funding to local authorities from the Scottish Government is provided via a block grant and we do not stipulate how local authorities should utilise their individual allocations. The Scottish Government has taken exceptional measures in every area of government as we deal with the challenges of Covid-19, and that is particularly clear in our support for local services. To date, almost £330 million of additional funding has been committed to local authorities by the Scottish Government and to avoid any potential cash flow problems we agreed with COSLA to front-load our weekly grant payments to local authorities by £455 million during May, June and July."

73.   On 16 September SPICe released a labour market update for September.

74.   On 22 September SPICe released a briefing on the Internal Market Bill.

75.   On 24 September a debate was held in the Scottish Parliament on the impact that Covid-19 was having on local authorities. Some key points from the debate included:

- Alexander Burnett MSP requested an update on the support it was providing local authorities in their response to Covid-19. The Cabinet Secretary for Communities and Local Government outlined the provision of £379 million in direct grant support, £972 million to replace non-domestic rates loss, £135 million to support the return of schools and £100 million to support the social care sector.

- Keith Brown MSP requested the government's assessment on the impact of Covid-19 on local government services. The Cabinet Secretary for Communities and Local Government outlined work with COSLA and Solace to identify priority areas which required support. Keith Brown highlighted the funding shortfall forecast by every council in Scotland and their request for a break from Public Works Loan Board payments.

- Alex Rowley MSP requested intervention from the government to ensure housing allocations were resumed by councils. The Minister for Housing was engaging with councils so allocations could resume as quickly as possible.

Parliamentary Committee News

Public Audit and Post Legislative Scrutiny Committee

76. On 20 August the Committee continued its post-legislative scrutiny of the Control of Dogs (Scotland) Act 2010 by taking evidence from a range of stakeholders.

77. On 27 August the Committee took evidence from the Auditor General for Scotland, Stephen Boyle; Mark Taylor, Audit Director; and Fiona Diggle, Audit Manager on 'Covid-19: Implications for public finances in Scotland.'

78. On 3 September the Committee took evidence from Audit Scotland's Fiona Kordiak, Director of Audit Services; Angela Canning, Audit Director; and Anne Cairns, Audit Manager; on the National Fraud Initiative 2018-19.

79. On 10 September the Committee took evidence from stakeholders on the Auditor General and Accounts Commission's performance audit on early learning and childcare.

80. On 17 September the Committee took evidence from stakeholders on the Auditor General and Accounts Commission's performance audit 'Privately financed infrastructure investment: The Non-Profit Distributing and hub models'.

Local Government and Communities Committee

81. On 4 September the Committee took evidence on building regulations and fire safety in Scotland.

82. On 9 and 16 September the Committee carried out its post-legislative scrutiny and took evidence on the Community Empowerment (Scotland) Act 2015.

83. On 16 September the Committee wrote to COSLA, Glasgow and West of Scotland Forum for Housing Associations, the Scottish Federation of Housing Associations, and the Scottish Association of Scottish Landlords requesting their views on the extension of the no evictions policy. The Committee has also written to Local Government Minister Kevin Stewart requesting detail on support for social and private landlords, sanctions for tenants able to pay but failing to do so and regarding concern the extension will make it harder to deal with anti-social behaviour.

84. On 17 September the Committee wrote to the Scottish Government, UK Government

and a variety of organisations to seek information on the assistance provided to individuals with no recourse to public funds and the gaps those seeking to help them have found in the system. A response has been requested from the UK Government by Tuesday 13 October and from the other organisations we have written to by Friday 9 October.

85. On 24 September the Scottish Government wrote to the Local Government and Communities Committee to provide an update on the support provided by the £350 million communities funding package. The letter provides information on measures to support local authorities, mitigate food insecurity, support the third sector and community organisations, and tackle digital exclusion.

Finance and Constitution Committee

86. On 2 September the Committee took evidence on the European Union (Continuity) (Scotland) Bill at stage 1.

87. On 9 September the Committee:

- Took evidence on the European Union (Continuity) (Scotland) Bill.
- Carried out its first pre-budget 2021-22 scrutiny session, which focuses on the impact of Covid-19 on the public finances.

88. On 16 September the Committee took evidence from a range of stakeholders on the UK Government's Internal Market Bill.

Covid-19 Committee

89. On 2 September the Committee appointed Donald Cameron MSP as its new convener.

90. On 4 September the Committee agreed to take evidence on renewing the emergency legislation passed to deal with the coronavirus pandemic. The committee has agreed to hear from the Law Society of Scotland, the STUC, Michael Russell MSP and Professor Linda Bauld.

Other committees

91. On 7 September the Equalities and Human Rights Committee opened a call for views on the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill. The Bill would place a duty on public authorities and Scottish ministers to not act incompatibly with the UNCRC. The deadline to respond is Friday 16 October.

92. On 24 September Robert Black, the former Auditor General, replied to a letter from the Justice Sub-Committee on Policing about his report on the role of the chair and members of the Scottish Police Authority.

93. On 24 September the Education and Skills Committee wrote to COSLA in relation to counsellors in school education.

94. On 24 September the Education and Skills Committee wrote to John Swinney to request more information on the reopening of schools.

Local government news

95. On 3 September it was reported that local public bodies borrowed £115.6 million from the Public Works Loan Board in August. This is a decrease of more than 30 per cent on the £187.2 million that was borrowed in July.

96.   On 7 September Angus Council reported that there was a £3.7 million gap in its 2020-2021 budget which it attributes to spending on Covid-19.

97.   On 17 September it was reported that to the end of June 2020 Aberdeenshire Council had allocated £42.4 million in dealing with the impact of Covid-19. The local authority received £40 million in support from the Scottish Government towards its coronavirus costs.

98.   On 24 September Argyll and Bute Council appointed Councillor Robin Currie as the new council leader. Councillor Currie has served Argyll and Bute as a councillor for more than 30 years, in roles as wide ranging as planning and housing, and leisure, islands and roads services. Councillor Currie replaces Councillor Aileen Morton who recently made the decision to move on from the role.

99.   On 25 September the BBC Shared Data Unit released figures on the shortfall facing Scottish councils. Overall, Highland Council are the hardest hit with a potential financial shortfall of £96.9 million. Aberdeen City Council and Perth and Kinross Council follow closely, with the councils predicting shortfalls of £82 million and £50 million respectively. Of Scotland's 32 councils, 17 said they expected their budget to be hit by a shortfall due to the impact of coronavirus.

100.   On 30 September the Edinburgh Poverty Commission released their final report, A Just Capital: Actions to End Poverty in Edinburgh. The report found that more than 77,000 Edinburgh residents live in poverty – about 15% of the total population. The cost of housing is a factor for many residents living in poverty. The report called for 20,000 more affordable homes to be built in Edinburgh over the next decade.

COSLA

101.   On 7 September COSLA launched a new 'blueprint for Scottish local government'. The blueprint aims to build around a vision for Scotland's future based on the empowerment of people and communities. It is organised around six themes – strengthening local democracy, funding services and communities, promoting wellbeing, protecting education, children and young people, allowing the economy to recover and supporting vulnerable communities. The blueprint calls for a fiscal framework for local government, along with longer-term certainty on budgets and more powers for discretionary taxation.

102.   On 15 September COSLA, in partnership with the trade unions, launched a new video to raise awareness of mental health during Covid-19. The video 'Don't Stay on Mute' aims to reassure people who are suffering from anxiety or uncertainty due to the Covid-19 pandemic that they are not alone and that a variety of support is available.

103.   On 16 September COSLA published Lone Working Guidance for Councillors aimed at keeping Elected Members safe as they carry out their duties under Covid restrictions. The new guidance does not provide a policy for adoption, but promotes the ongoing development of local, supportive and appropriately funded lone working practices.

104.   On 18 September COSLA produced a refresh of the Coronavirus (Covid-19) Supplementary National Violence Against Women (VAWG) Guidance for councils and their strategic partners.

Improvement Service

105.   On 29 August the Improvement Service, in collaboration with the National Records of Scotland (NRS), published a standard set of population projections for sub-council areas. This work is intended to support councils who do not have the capacity to produce their own projections as well as users who are interested in a standard set of

local area projections for all areas across Scotland. Population projections can help councils understand the potential future size and make-up of local populations and inform forward planning by councils and other partners.

106.	On 1 September the Improvement Service published guidance on child poverty and Covid-19. This briefing encourages councils to focus on child poverty in the time of Covid-19. This is in light of research that shows 7 in 10 families surveyed in Scotland about the impact of Covid-19 have had to cut back on food and other essentials, while 51% have fallen behind on rent or other household bills.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Ombudsman (SPSO)

107.	The SPSO's Newsletter – September outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the Our findings webpage. The Commission's Financial Audit and Assurance Committee will consider more detailed intelligence from the SPSO on a six-monthly basis at its next meeting.

Scottish Housing Regulator

108.	On 15 September the Director of Regeneration for the Scottish Housing Regulator delivered a speech that expanded on some of the challenges that social landlords are facing during Covid-19. Mr Brennan said that the finances for social housing have remained strong, but social landlords continue to face new risks and challenges from Covid-19. Some of the other Covid-19 challenges include keeping rents affordable for tenants and service users, providing secure homes for people who need them, and continuing to work to keep tenants and residents safe.

109.	On 23 September the Scottish Housing Regulator published August's monthly dashboard report. This report is designed to help the Scottish Government and social landlords understand the continuing impact of the Coronavirus and to support the work of the Social Housing Resilience Group. The number of people who applied to local authorities as homeless has fallen for the first time since April, with a 2% reduction compared to July. However, there has been a further in increase in the number of households in temporary accommodation, with 14,383 at the end of August. Almost 9,500 homes remained empty at the end of August, even though landlords let almost 600 more homes than in July. Rent arrears also increased from 6.33% in July to 6.37% in August.

Other public policy news

110.	On 1 September KPMG revised its forecast for Scottish economic growth from a predicted decline in Gross Value Added (GVA) of 6.9% to a fall of 9.1%. It has also downgraded its GDP forecast for the whole of the UK to a decline of 10.3%, down from 7.2% predicted in June. Both forecasts are expected to see GDP increases of 8.2% and 8.4% respectively in 2021 if a working vaccine is available by next April. Under that assumption, KPMG predicts the economy can return to pre-pandemic levels by early 2023. The forecasting model also suggests that Orkney and Shetland will be Scotland's worst-affected regions, with falls of 11.4% and 11.1% respectively, while East Renfrewshire will face the lowest impact, with a 7.4% reduction in GVA.

111.	On 3 September the independent Expert Advisory Group on Migration and Population has published a report analysing internal migration within Scotland and between Scotland and the rest of the UK (rUK), accessing its geographic distribution, dynamics and impacts. The report concludes most residential moves in Scotland occur over short

distances and are influenced by the housing market and transport infrastructure. Scotland has also recently experienced positive net intra-UK migration, reversing a period of net outflows during the previous 50 years, though it is noted there is limited research explaining the factors which attract rUK migrants to Scotland. Migration was found to be heavily concentrated among the young, and to some extent the better educated, to Scotland's major cities.

112. On 11 September IPPR Scotland published *Better Than Before*, the first in a series of reports on how to create a "more even and more equal Scotland" after the coronavirus pandemic. It advocates measures built on "social, economic and climate justice" including green stimulus investments, managed automation, reducing youth unemployment, progressive tax reform, increasing the Scottish Child Payment and a new social contract for carers and key workers. The report warned the pandemic had exacerbated existing inequalities and would create unprecedented unemployment levels in the coming months but argued "such extreme times, and such significant damage" offered opportunities for change.

113. On 23 September Cycling Scotland published figures that showed cycling has increased during lockdown. The new figures show the number of journeys made on bike between March and August 2020 was 43 per cent higher than the same period last year.

114. On 23 September the UK in a Changing Europe has released a report on the implications of a no-deal Brexit on a wide range of sectors and the devolved administrations. The report outlines what could happen if the UK reached 15 October without a deal, as this is the date the Prime Minister has set as a deadline to determine whether it will be a no-deal scenario. If a deal was not reached, there would be no agreement on trade, aviation, transport, fisheries or judicial cooperation. The report stresses that some of these impacts would be mitigated by the no-deal planning that commenced; however, it also cautions that Covid-19 has had an impact on this planning. Regarding the devolved administrations, the report notes the Scottish Government had called for a two-year extension to ensure the economy recovers from Covid-19. The importance of the rural economy for both Scotland and Wales is highlighted, as well as the potential disruption to the sector trading if a no-deal scenario occurs.

Other UK audit bodies

115. On 3 September the Northern Ireland Audit Office highlighted the risk of fraudulent activity during the Covid-19 outbreak. A link to Audit Scotland's briefing on emerging fraud risks is provided in the further information section.

116. On 7 September the National Audit Office (NAO) published a report on how the government can learn from its EU exit preparations. The report brings together the 28 reports produced by the NAO on preparations for leaving the EU.

117. On 10 September the NAO published a report considering the effectiveness of the UK Government's approach to reducing childhood obesity.

118. On 18 September the NAO published a report about the financial sustainability of colleges in England.

119. On 18 September Lindsay Foyster was appointed as the new chair of the Wales Audit Office.

120. On 25 September Audit Wales published a briefing considering the challenges of implementing legislation.

121. On 28 September the Northern Ireland Audit Office published a report on the audit of the Department for the Economy and Invest Northern Ireland for 2019-20.

UK Government

122. On 1 September Simon Case was named as the UK's permanent secretary. Mr Case was a former private secretary to Prince William and had already been appointed to the cabinet position in May following the departure of Sir Mark Sedwill.

123. On 4 September the Scotland Office highlighted statistics that showed over 6.3 million meals were eaten in Scotland as part of the Eat Out to Help Out scheme, with more than 100 million eaten UK-wide. By midnight on Thursday 27 August, 6,333,000 meals were eaten at 8,543 establishments across Scotland, making claims worth more than £38m and with an average discount of £6.10 per meal.

124. On 9 September the UK Government introduced the Internal Market Bill to Parliament. It said the aim of the Bill is to protect jobs and improve trade across the UK after the transition period ends, while maintaining high standards for consumers, workers, food, animal welfare and the environment.

125. On 14 September the UK Government announced that social gatherings of more than six people will be illegal in England from next Monday. This follows evidence that the infection rate is now sitting at 20 per 100,000 people.

126. On 14 September the Ministry for Housing and Communities and Local Government released figures that suggest that borrowing between local authorities was £13.5 billion for the quarter to June. This is £2 billion more above the same period last year.

127. On 21 September the UK Government released statistics that suggested 950,000 workers returned to work part-time in July. The number of retail employees on furlough halved from the start of the pandemic from 1.85 million to 789,000, while the construction sector received more than £2 billion in support through grants for self-employed workers. In Scotland, 78,400 workers returned to their jobs on a part-time basis in July, the first month flexible furlough was introduced. The value of claims in Scotland for the Self Employment Income Support Scheme reached £318 million.

128. On 21 September the HMRC announced that it has recovered £7.9 billion less from fraud and error in the first three months of the financial than it did during the same period in 2019.

129. On 22 September the Prime Minister announced new restrictions in England. He said measures may continue for around six months. Office workers were advised to work from home where possible, but people who are unable to do so should continue to attend workplaces. All hospitality settings must close at 22:00, including for takeaways, and must operate table service only. There is also a requirement for taxi drivers, retail and hospitality staff to wear face coverings in settings except when at a table to eat and drink.

130. On 24 September the Chancellor of the Exchequer laid out the initial details of his Winter Economy Plan, including a new Job Support Scheme which he said would help protect viable jobs over the period beyond the furlough scheme. The new Jobs Support Scheme will involve the government directly supporting the wages of people in work. Other details with the scheme include:

- It must support viable jobs – employees must work a third of their normal hours and be paid as normal by their employer.

- Employers will continue to pay the wages of staff for the hours they work - but for

the hours not worked, the government and the employer will each pay one third of their equivalent salary.

- All SMEs will be eligible but larger businesses can only apply if they can demonstrate turnover has fallen though the crisis.

- Employers throughout the UK will be eligible even if they've not previously used the furlough scheme.

- The scheme will run for six months starting in November.

- Firms can apply to both the Job Support Scheme and claim the job retention bonus.

Other UK news

131. On 1 September school pupils in England started to return to classes with strict public health mitigations in place. Start dates are varied across the country, with approximately 40% of schools starting on the 1st of September.

132. On 10 September the UK Citizens' Assembly on Climate Change published its final report on how the UK can reach its 2050 net zero target. Six select committees from Westminster commissioned the citizens' assembly to evaluate the public preferences on how the UK's efforts to reach emission goals will affect their lives. The report called for strong leadership from government and parliament and made recommendations in policy areas including travel, energy use and consumer goods.

133. On 11 September the UK Parliament's Treasury Committee published the second report of its inquiry into the economic impact of the coronavirus. The report covered challenges across debt sustainability, long-term unemployment and the future of jobs and called for the UK Government to consider targeted extensions to the Job Retention Scheme to protect the most vulnerable sectors of society.

134. On 15 September the UK's unemployment rate has risen to its highest level in two years, reaching 4.1% in the three months to July. Those aged between 16 and 24 experienced the biggest decrease in employment, with 156,000 fewer young people in employment. The area with the highest unemployment was the north-east, while Northern Ireland had the lowest. The unemployment rate was 4.6% in Scotland. Meanwhile, job vacancies have started to recover, with the largest increases in the hospitality, health and social work, transport and storage, and retail sectors. The estimated annual growth in labour costs per hour for employees across the economy increased by 21.3% in the second quarter, as a result of the Job Retention Scheme.

Conclusion

135. The Commission is invited to:

- In relation to paragraph 38, not to respond to the Scottish Government consultation on data sharing by public authorities

- In relation to paragraph 47, not to respond to the Scottish Government consultation on the regulation of short-term lets

- Otherwise consider and note this report.

Paul Reilly
Secretary to the Commission
30 September 2020

APPENDIX: Accounts Commission reports in past 12 months – downloads

Report	Date	Report downlds	Podcast downlds
Best Value Assurance Report: Moray Council	27 Aug 20	641 (+145)	n/a
Accounts Commission annual report 2019/20	2 July 20	286 (+79)	n/a
Best Value Assurance Report: North Ayrshire Council	30 June 20	581 (+37)	n/a
Local government in Scotland Overview 2020	23 June 20	734 (+110)	n/a
Equal pay in councils - Impact report	9 June 20	431 (*)	n/a
Best Value Assurance Report: Argyll and Bute Council	21 May 20	649 (+91)	n/a
Affordable Housing	9 April 20	1,241 (+296)	n/a
The 2018/19 audit of Renfrewshire Council: Report on accounts closure	24 Mar 20	234 (*)	n/a
Early learning and childcare: follow-up	3 Mar 20	1,613 (+115)	134 (*)
2018/19 audit of Fife IJB	27 Feb 20	393 (*)	n/a
2018/19 audit of Glasgow City Council: Update on equal pay settlement	6 Feb 20	359 (*)	n/a
Privately financed infrastructure investment	28 Jan 20	1,124 (+93)	197 (*)
Highland Council: Best Value Assurance Report	23 Jan 20	1,525 (+83)	344 (*)
Scotland's City Region and Growth Deals	16 Jan 20	2,241 (+129)	167 (*)
Scotland's City Region and Growth Deals - Supplement	16 Jan 20	261 (*)	n/a
Self-directed support: 2017 progress report - impact	17 Dec 19	267 (*)	n/a
Local government in Scotland: Financial overview 2018/19	17 Dec 19	3,113 (+207)	295 (*)
Scottish Borders Council: Best Value Assurance Report	22 Oct 19	1,176 (*)	212 (*)
National Scrutiny Plan	30 Sept 19	827 (*)	n/a

Key:

(x) Increase in numbers since last month
* This figure is below 30
n/a Not applicable.

ACCOUNTS COMMISSION ✓

MEETING: 8 OCTOBER 2020

REPORT BY: INTERIM CHAIR OF ACCOUNTS COMMISSION

INTERIM CHAIR'S REPORT

Purpose

1. This report provides an update on the engagements of the Interim Chair of the Accounts Commission.

Engagement

2. My engagements in the period from 1 to 30 September have been as follows:

   Audit Scotland Board and Committee meetings

   - 2 September – Audit Committee and Remuneration and Human Resources Committee (RemCo) meetings. The main items discussed were:

     o RemCo - the Commission Support Review; the RemCo priorities for 2020/21; and our annual suite of Diversity and Equality reports;

     o Audit Cttee - the Risk Register; a range of Internal Audit pieces of work; and an update on our Digital Security.

   - 7 September – Audit Scotland Board follow up meeting with Diane McGiffen, Chief Operating Officer: Alan Alexander, Chair of Audit Scotland Board,

   - 30 September – Audit Scotland Board Meeting. The main items of substance discussed were our Governance arrangements; a COVID-19 update; the Q1 Corporate Performance; the first draft of our Budget 2021/22 submission; an update on the EU Withdrawal; the New Audit Appts project; the departure of Heather Logan as a Board member.

   Audit Scotland engagement

   - 3 September – Auditor General catch up

   - 9 September – Colin Crosby, new member of Audit Scotland Board. Introductory meeting

   - 23 September – Work programme discussion with Auditor General, Paul Reilly, Secretary, Antony Clark, Audit Director and Tim McKay, Interim Deputy Chair

   - 21 September – Monthly catch up with Fraser McKinlay, Controller of Audit

   - 23 September – New Audit Appointments Steering Group meeting. The main items discussed were our Risk Register; the initial outcomes from the Project Review; and the next stages of work to consult and engage further on the Code of Audit Practice.

   - Various catch ups with Diane McGiffen (1 and 28 September).

- 16 September – Kevin Stewart MSP, Minister for Local Government, Housing and Planning and Tim McKay
- 23 September – Dr Jim McCormick, Associate Director for Scotland, Joseph Rowntree Foundation and soon to be of the Robertson Trust. The meeting with Jim McCormick was to discuss the potential for some engagement as part of our Insight Programme.

Commission business, development and support

3. My Commission business has been as follows:

- Weekly catch ups with the Secretary and Executive Assistant
- 1 September – Preparatory meeting for Commission meeting on 10 September (Secretary, Controller of Audit, Interim Deputy Chair)
- 2 September – Best Value Working Group meeting. Update shared with members at Commission meeting on 24 September
- 3 September – Forward planning meeting with Tim McKay and Paul Reilly
- 3 September – Catch up with Tim McKay
- 7 & 15 September – David Blattman, HR and OD Manager to discuss taking forward the Commission Support Review resourcing requirements
- 9 September – Accounts Commission pre meeting with members
- 10 September – Accounts Commission meeting
- 15 September – Development discussion with Tracey Bray, Human Resources
- 16 September – Risk Register review meeting with Tim McKay and Paul Reilly
- 16 September – Strategic Scrutiny Group post meeting catch up with Mark Roberts, SSG Secretary
- 16 September – Monthly sponsor catch up with Tim McKay and Local Government Overview team
- 17 September – Code of Audit Practice catch up with Elaine Boyd, Associate Director Audit Quality, Fiona Daly, Consultant, Audit Strategy, and Robert Leask, Project Manager, Audit Quality
- 21 September – Moray Council pre meeting with Accounts Commission members Pauline Weetman and Stephen Moore, the Secretary and Brian Howarth, Audit Director
- 21 September – Moray Council, follow up to Best Value Assurance Report publication. Update paper to be provided to members on 30 September
- 21 September – Discussion with Diane McGiffen, Stuart Dennis, Finance Manager and Tim McKay ahead of update at Commission business meeting on 24 September
- 23 September – Catch up with Tim McKay
- 24 September – Accounts Commission meeting and business update meeting with members
- 24 September – Paul Reilly, Peter Worsdale, Craig Flanigan, Joanna Mansell and Elizabeth Sargeant, Communications team to discuss Accounts Commission communications

- 24 September – Martin Walker, Associate Director, Corporate Performance and Risk, discussion on risk
- 28 September – Preparatory meeting for Commission meeting on 8 October (Secretary, Controller of Audit, Interim Deputy Chair)
- Meetings with Andrea Quinn to update and finalise the Commission Support Review report, which has been updated following a change made at the Remuneration Committee, with the final version shared with members and appropriate Audit Scotland colleagues.

Forthcoming activities

4.   My forthcoming engagement activities include:

- 1 October – Solace Meeting with Controller of Audit
- 2 October – Forward planning meeting with Interim Deputy Chair and Secretary
- 6 October – Monthly sponsor catch up with Tim McKay and Local Government Overview team
- 6 October – catch-up with Brenda Campbell at Scottish Government
- 6 October – catch-up with David Martin, CEX Dundee City Council about Local Government Benchmarking Framework
- 7 October – Accounts Commission members meeting with Kevin Stewart MSP, Minister for Local Government, Housing and Planning
- 8 October – Accounts Commission meeting
- 8 October – Introductory meeting with Audit Scotland, Audit Directors for Local Government.

Conclusion

5.   The Commission is invited to note this report and enquire about any areas of interest.

Elma Murray
Interim Chair
30 September 2020

ACCOUNTS COMMISSION ✓

MEETING: 8 OCTOBER 2020

REPORT BY: CONTROLLER OF AUDIT

CONTROLLER OF AUDIT REPORT

Purpose

1.   This report provides an update on the engagements of the Controller of Audit.

Engagement

2.   Please note below my engagements in September:

- **14 September** – The Corra Foundation Observers Panel, People in Place Programme. The Programme is currently working alongside nine communities in Scotland, supporting local people to connect, collaborate on ideas, and take action to create positive change.

- **16 September** – Jim Savege, SOLACE Chair. Discussion to agree topics for SOLACE Branch session on 1 October.

- **30 September** – Scottish Leaders Forum event – *Learning From COVID: Moving Forward Together*. An interactive online session with SLF members to share learning on responses to Covid-19 and help us shape the future. Further sessions are planned for October.

Forthcoming activities

3.   My upcoming engagements in October include:

- **01 October** – SOLACE Branch session. Update briefing to members with Elma Murray.

- **05 October** – Community Planning Improvement Board meeting.

- **12 October** – Audit Firms Partner meeting.

- **15 October** – UK & Ireland Performance Audit Forum.

Conclusion

4.   Commission members are invited to note this report.

Fraser McKinlay
Controller of Audit
30 September 2020